

Security Information

OGC Has Reviewed

9 October 1953

MEMORANDUM FOR: Chairman, CIA Career Service Board  
SUBJECT : Final Report of the Legislative Task Force

1. As a result of your meeting with the members of this group on 24 July 1953 there was submitted a preliminary report, dated 13 August 1953. On 20 August 1953 the Career Service Board met and considered that report, offering general policy guidance for further deliberations of this Task Force.

2. The Task Force has not considered further legislative proposals relating to Missing Persons Act, Home Leave Benefits, and Exemption of CIA from the Performance Rating Act since the Career Service Board has requested the Office of the General Counsel to take appropriate action on these items. In the event a package bill results from this report, it is believed some, or all, of the items probably could be included in such a package bill.

a. No further action or consideration has been given by the Task Force to the subjects listed below on the premise that legislative action is either undesirable or unnecessary.

(1) Additional medical benefits for employees (except for TOY situations and extension of "abroad" concept).

(2) Pay scales and classification.

(3) Dual compensation.

(4) Incentive Awards.

(5) Selection of Supervisors.

(6) Personnel Evaluation.

(7) Hardship Benefits (except for consideration of unhealthy posts for retirement purposes).

(8) Personal hardships.

b. In connection with insurance, this group took no further action in view of the deliberations of the Insurance Task Force which is studying the over-all problem of insurance within CIA. It is believed that certain of the matters with which the Insurance Task Force must be concerned are related to certain of the subjects covered in this report. For example:

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<input type="checkbox"/> Declassified
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We believe the question of commercial insurance policies being voided as a result of performing assigned duties for CIA should be given careful study to eliminate any possible inequities.

3. In order to assure the maximum results from our discussions, it would have been preferable that your Task Force start from an agreed upon concept of the framework of a career service. This did not prove possible. Although there was complete agreement that personnel of superior quality are essential for the effective performance of the CIA mission, and that an effective career service program should contribute greatly to this end, we did not reach complete agreement on a statement of the concept of career service. One group preferred to adopt the concept stated in the Task Force's preliminary report, and presented to the Career Service Board on 20 August, namely:

"The career service is a group of dedicated people, carefully selected and extensively trained, who accept an obligation to devote themselves permanently to the needs of the intelligence service of the U. S. Government in return for which they would receive the satisfaction of a job well done and such emoluments and benefits as are appropriate to such a service including the expectancy of a permanent career in CIA."

The other group preferred for the present to rest on the concept expressed in CIA Regulation  of a Career Service Program that

"identifies, develops, uses, and effectively rewards individuals who have the skills required by the Agency; motivates them toward rendering maximum service to the Agency; and eliminates from the service, in an equitable manner, those who in spite of the Program fail to perform as effective members of the Agency. The Career Service Program includes all career employees (staff employees and staff agents) of the Agency whether on duty in headquarters or in the field"

4. The attached tabs contain the details of the specific recommendations made by this Group. However, a summary may assist in seeing the over-all framework.

a. We recommend limited medical benefits for dependents of CIA employees abroad. Included in that recommendation is the extension of employee benefits to personnel who are temporarily assigned abroad and also broadening the concept of "abroad" to include territories and possessions. Legislation is essential to effect this recommendation.  
(Tab A)

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b. The Task Force recommends a death gratuity to all CIA employees in the event of death in the amount of \$1,000. This would be over and above any other death benefits and is justified on the general basis of applicable security considerations which, in many cases, cause considerable delays in processing death cases. Legislation is essential in this case. (Tab B)

c. An allowance is recommended to assist CIA employees abroad in securing education for dependent children on a standard generally equal to education in Washington, D. C. Legislation is required to put this benefit into effect. (Tab C)

d. The Task Force recommends adjustments to the Civil Service Retirement Act to liberalize both age and years of service standards. These provisions utilize overseas service as a measuring stick and are somewhat less liberal than the Foreign Service or the accelerated retirement application to investigatory personnel. Only if an individual stayed abroad for a full 20 years and was fifty years of age, would the benefits be equal to the Foreign Service. Legislation is required. (Tab D)

e. The Task Force recommends that there be established a civilian Personnel Reserve Program for CIA. The establishment of such a program as such does not require legislation. We recommend that we secure legislative provision for reinstatement rights for such Reserve Personnel who are brought on duty where those individuals are employed in other Government agencies. This is similar to the provisions relating to Foreign Service Reserve personnel. Legislation is required for this and it is believed desirable that the legislation relating to this provide generally that under such regulations as the DCI may prescribe there shall be a Reserve Program. (Tab E)

f. The Task Force also recommends adoption by the Agency of a clear-cut policy on the obligations which should be assumed by Career employees. In a package bill the group recommends recognition of such a concept which requires that CIA people assume obligations which are more burdensome than those applying in the average Government agency. There is some belief that certain fundamental obligations stated in a general statement should appear in such a package bill. In any event, a clear-cut policy should be adopted and applied to all Career employees. (Tab F)

g. In the field of job security, tenure, and separation, the Task Force recommends no attempt be made at this time to secure additional legislation. Aside from the Veterans Preference Act, the Agency is free to establish administrative procedures in these fields and legislation would tend to restrict that freedom. (Tab G)

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h. It is recommended that the matter of legislative reference to any organization and structure of the Agency be deferred for consideration by the CIA Career Service Board when the Office of the General Counsel presents a package bill incorporating the previous specific recommendations. In general this Task Force does recommend that only very general reference, if any, be made in regard to the organization and structure of CIA and that there not be established legislatively a Career Service as an entity separate and distinct from CIA itself.  
(Tab H)

5. In the time allotted to the Task Force certain of these subjects have not received the exhaustive treatment warranted, nor have all possible sources of information been reached. As an example, in the field of retirement there has been established in the Executive Office of the President, a top-level committee to consider the over-all Government program. That committee has not made public any of its findings and it is not known in what direction their recommendation will tend. Further, it is known that the Bureau of the Budget has been working for some time on legislation relating to "Career Overseas Employees." Certain of their deliberations touch on subjects considered by the Task Force. Specifically, the Bureau of the Budget is considering legislation relating to educational allowances for dependent children. In view of the above and based on other considerations, this Task Force suggests that no effort be made at this time to secure any legislation other than the three items which have already been referred to the Office of the General Counsel for action. The other considerations include the fact that none of the items recommended can be considered urgent nor will the lack of action on them seriously hamper Agency functions. Another consideration is the fact that certain portions of this report and some of the various recommendations cannot be considered a unanimous view of the Task Force, nor do they completely and accurately reflect the views of all Agency components. Consequently, they do not have wholehearted Agency support. It is suggested that more time allotted to this problem would be well spent and could probably present to the DCI a more unified approach. Further, the matter of appropriate timing for presentation of any of this legislation should be given very careful consideration and this group feels that it should not make recommendations with respect to timing.

6. In view of the above the following specific recommendations for action are made:

- a. That the CIA Career Service Board approve the recommendations relating to medical benefits and secure DCI approval. Any legislative action should be a part of a general legislative program for CIA.
- b. That the CIA Career Service Board approve the recommendations relating to death gratuity and secure DCI approval. Any legislative action should be a part of a general legislative program for CIA.

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c. That the CIA Career Service Board approve in principle the recommendations relating to educational allowances and secure DCI approval. Any legislative action should be a part of a general legislative program for CIA. The Office of the General Counsel should be requested to follow legislative proposals being studied in the Bureau of the Budget and report to the CIA Career Service Board any developments which would indicate desirability of a different approach on this problem.

d. That the CIA Career Service Board approve in principle the recommendations relating to retirement benefits and secure DCI approval. Any legislative action should be a part of a general legislative program for CIA. Prior to any action outside CIA, full information on the deliberations of the Kaplan Committee, or any other Congressional bodies studying the retirement system, should be secured and recommendations made to the CIA Career Service Board as to whether such deliberations would indicate desirability of changing the present recommendation. The Assistant Director (Personnel) should be assigned responsibility for developing this information and reporting to the Board.

e. That the CIA Career Service Board approve the recommendations relating to a Reserve Program and secure DCI approval. Any legislative action should be a part of a general legislative program for CIA.

f. In view of the differing views on what obligations a Career employee should accept and what those obligations should be, it is recommended that there be considered by the CIA Career Service Board the basic policy question and recommend to the Director a clear-cut policy in this regard. Subsequent to adoption of such a policy, further consideration should be given to the desirability of including any portion of such a policy in a package bill incorporating the specific items covered by this report.

g. In view of the complexity of the separate problems involved in this item which includes job security, tenure, and separation, the Task Force recommends that no legislative action be taken at this time. It is recommended that the Deputy Director (Administration) develop appropriate procedures for reduction in force and accept responsibility for presenting future studies on the subject of this paper as may seem necessary, reporting such action to the CIA Career Service Board on or about 1 January 1954.

h. In view of the general recommendation that no legislation be sought immediately, no action is recommended on the subject of organization and structure other than the Office of the General Counsel being requested to consider the Task Force's recommendations in connection with the preparation of a package bill for approval of the CIA Career Service Board.

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7. The Task Force wishes to acknowledge the cooperation and extensive assistance supplied by various individuals and components of the Agency. The membership of the Task Force itself is reflected in the signatures below:

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1 October 1953

MEMORANDUM FOR: Director of Central Intelligence

SUBJECT : Medical Benefits for Dependents of Employees and Additional Medical Benefits for Employees.

1. PROBLEM:

a. Should any medical and hospitalization benefits be made available to the members of families of CIA employees?

b. Are additional medical and hospitalization benefits necessary for CIA employees who are temporarily assigned abroad?

c. Should the provisions of law relating to "assignment abroad" be broadened so that assignments to U. S. territories and possessions are covered by the additional medical and hospitalization benefits now available only to assignments in foreign countries?

2. FACTS BEARING ON THE PROBLEM:

a. Benefits available to employees.

(1) CIA employees wherever stationed are covered by the Federal Employees Compensation Act (FECA) with respect to medical care, hospitalization, disability, and death benefits resulting from injury or death incurred while in the performance of duty. This Act is the over-all Government statute covering all Government employees. In the event of injury in the performance of duty, full medical care and hospitalization are assured. In the event of permanent disability, an employee would receive two thirds of his basic pay. In the event of death, the widow with two children would receive seventy per cent of the employee's basic salary. The Act confers very liberal monetary benefits when measured against any other compensation plan. (Tab A)

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e. Pertinent here is the proposed foundation which is being worked out actively by the I.G. and the Office of the General Counsel. It is the purpose of this foundation to make grants to worthy cases in which CIA employees are confronted with personal hardships which are not reimbursable under Agency regulations. It is contemplated that the foundation would make grants in warranted cases where the dependents of an employee have become ill causing extreme financial hardship. Therefore, if the foundation is established, it would assist to some degree in solving some of the problems arising out of illness or injuries of dependents abroad.

f. The various military services base their medical care of dependents on various statutes. Those statutes generally are permissive in nature rather than directive. However, through the years tradition and administrative practices developed so that it is regarded now as a privilege and a right to secure medical care for dependents. In the recent past there have been attempts in the Congress to cut down availability of such benefits.

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g. No civilian agency of Government to this date has secured legislation permitting expenses of medical care and hospitalization of dependents to be assumed by the Government.

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3. DISCUSSION:

a. It can be argued that since CIA sends an employee abroad and pays for the transportation of his dependents, CIA should assume similar responsibilities for the dependents with respect to medical care and hospitalization as are assumed for the employee. In either case the hardship on the employee is just as real. On the other hand it can be argued that the matter of sending dependents abroad is a question of privilege with the Government agreeing to pay the expenses of transportation if the employee desires his dependents with him. Having exercised his choice then the risk of illness to dependents is assumed by the employee. From the standpoint of the Agency it can be further argued that the individual may be in no frame of mind to fulfill his duties if he is concerned with getting his wife or children to a suitable hospital for medical treatment.

b. A few examples of past cases will illustrate that this matter can be of a very serious nature. The facts are masked to avoid identification of individuals.

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(1) An individual was sent to [ ] and took his wife with him. Since [ ] has a high incidence of Tuberculosis if the employee were to contract Tuberculosis the Government under FECA would return him to the United States and hospitalize him for an appropriate period of treatment. In addition they would pay disability compensation during the period of his disability. However, when the wife contracted Tuberculosis, CIA was not authorized either to pay for transportation or reimburse any of the expenses of medical care and hospitalization.

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(2) An employee was sent to [ ]. Accompanying him were his wife and three children. In the event the employee came down with polio, expenses of transportation, medical care, hospitalization, and disability benefits, if applicable, would be assumed by the Government under FECA. When one of the children came down with polio, it was necessary for the wife to accompany the child back to the United States for treatment probably for an extended period. Again CIA was not authorized to pay any of the transportation, medical, or hospitalization expenses.

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(3) In [ ] an employee [ ] appeared to have been plagued with a series of "near accidents." Finally the employee and his wife, while walking down the street, were struck down by a hit and run truck. An inference was drawn, because of his association with certain operations which somehow became known, that the accidents were directed at taking his life. Since the facts supported such an inference, CIA assumed full responsibility for medical and hospitalization expenses and, under FECA, disability payments would have been forthcoming, if applicable. On the other hand the wife with the same disability or injury and incurred as a result of being married to a CIA employee was not entitled to the medical benefits provided by either FECA or PL 110.

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c. The principal protection afforded for medical care of dependents [redacted] insurance coverage. However, the benefits available are considerably decreased where hospitalization occurs abroad. This is due to the fact that various hospitals under contract are not available and a dollar rate is then substituted for the actual hospitalization benefits. Consistent with the overall career concept developing within CIA, it would seem highly desirable where employees are subjected to hardships arising out of illness or injury occurring to their dependents, that some provision for relief be made. If it can be fairly stated that the hardship would not have arisen except for the fact that the individual was placed in a particular position by CIA, it is believed that equitable grounds are established for furnishing relief from the hardship. There should also be considered that from a practical standpoint, most wives are to some extent knowledgeable of their husbands' affiliations with the Agency. Inevitably they also learn names of other people and gain a glimmering of the type [redacted]

d. In examining the problem it would seem that the equities which create the desirability for this type of benefit for dependents arise only where the employees are assigned abroad. In connection with the extent of coverage the eligibility standards can be assimilated either to FECA or PL 110. It is believed that use of PL 110, "Standard of Eligibility," is not completely defensible since specific examples which might be cited would appear to lack complete justification. One such example could be hospital care for the wife of a CIA employee injured in a traffic accident [redacted]. On the other hand, equating the "Standard of Eligibility" to FECA would be far more defensible in that there would have to be established a causal relationship by the fact of the individual being in a particular location because of the head of the family's employment by CIA. In each of the cases indicated in paragraph "b" above, there is every likelihood that the proper causal relationship could be established. Fundamentally, in each case the individual was exposed to hazard by virtue of being a dependent of a CIA employee and being with him. Conditional hazard would not be present were the employee stationed in the United States. It would seem necessary and desirable to incorporate some type of limitation under present circumstances when an employee suffers a disability, illness, or injury, which may extend for some time. Payments are made by virtue of authority in PL 110 only until such time as the case can be processed to the BEC. Thereafter CIA does not reimburse the expenses involved. Since there would be no method of turning over similar cases where dependents are involved, some limitation must be established which would be susceptible to sample administration. This would act to avoid payments covering extended periods of illness or hospitalization. The question of who are members of the family and who are dependents could be guided by the regulations applicable to travel which designate the members of the family for whom CIA will assume travel expenses. These generally include wife, children, and dependent parents of the employee. (Tab D)

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e. Due to present statutory limitations, the inability of CIA to afford equal treatment to employees abroad based solely on assignment status (i.e., whether permanent or temporary duty) results in inequitable situations. Where two people [redacted] are afflicted with pneumonia (not traceable to performance of duty under FECA standards) it is strongly urged that a designation of type of duty status should not result in one receiving medical and hospitalization care from CIA and the other person being denied it. The justifications supporting such benefits for permanently assigned personnel are substantially applicable to persons on temporary duty. The key here is that both types of persons are performing official duties at the particular geographical location pursuant to official orders.

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[redacted]

g. In view of the previous experience by CIA on attempting to secure legislation, careful consideration must be given to the appropriateness of again seeking legislation. There have been no dissentors within the Agency to the view that this type of legislation for dependents is desirable. Balanced against the unanimous view is the fact that this could well be one of the more controversial items to present to the Congress. Clearly we would have to demonstrate why CIA employees and their dependents are in such a different position than normal civilian employees to warrant this additional benefit. It is believed that a reasonably strong justification can be presented to the Congress, but it is difficult to judge at this moment the seriousness of the opposition that may arise in both the Bureau of the Budget and in the Congress. In any event it would seem highly desirable that if CIA were presenting a package career service act that the justification could be presented in a much stronger light than if it were presented as a single item.

4. CONCLUSIONS:

a. Medical and hospitalization benefits for members of families of CIA employees are desirable and will do much to foster the CIA Career Program and alleviate many hardship problems which are inevitably of great concern to CIA.

b. Medical care and hospitalization benefits include transportation to hospital facilities and should be made available to members of the immediate families of CIA employees. Those benefits should be available where the employee has permanent assignment abroad and has his dependents with him. The eligibility for such benefits should depend on a prior determination of causal

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relationship based on exposure to additional hazard in a manner similar to the standard utilized by the Bureau of Employees Compensation. Such benefits would be available only for the period the dependent is abroad or until the employee's current tour of duty is terminated, whichever occurs earlier.

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e. Legislation is required to effect the above conclusions.

5. ACTION RECOMMENDED:

- a. That CIA Career Service Board approve the above conclusions and secure DCI approval.
- b. That the Office of the General Counsel be requested to prepare appropriate legislation.
- c. That the Office of the Assistant Director (Personnel) be requested to prepare appropriate justifications and supporting data.
- d. That the Deputy Director (Administration) be requested to assume over-all responsibility for action.
- e. That there be continuing reports to the Career Service Board on the reaction to proposed legislation coming from the Bureau of the Budget, the Congress, or other governmental offices.

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TAB A

Federal Employees' Compensation Act

General.

The Federal Employees' Compensation Act provides that the United States shall pay compensation (as set forth in general below) for the disability or death of an employee resulting from a personal injury sustained while in the performance of his duty and for the administration of the Act by the Bureau of Employees' Compensation, Department of Labor. However, no compensation shall be paid by the Bureau if the injury or death is caused by the willful misconduct of the employee or by the employee's intention to bring about the injury or death of himself or of another, or if intoxication of the injured employee is the proximate cause of the injury or death.

Definitions.

The Act defines "employee" to include all civil officers and employees of all branches of the Federal Government, including officers and employees of instrumentalities of the United States wholly owned by the United States, and persons rendering personal services of a kind similar to those of civilian officers and employees of the United States to any department, independent establishment, or agency thereof, without compensation or for nominal compensation, in any case in which acceptance or use of such services is authorized by an Act of Congress or in which provision is made by law for payment of the travel or other expenses of such person. It defines the term "injury" to include, in addition to injury by accident, any disease proximately caused by the employment. The term "compensation" is defined as including the money allowance payable to an employee or his dependents as well as any other benefits (such as hospital expenses) paid for out of the compensation fund.

Exclusiveness of Remedy.

Section 7(b) of the Act provides that the liability of the United States, or any of its instrumentalities, under the Act or any extension

thereof with respect to the injury or death of an employee shall be exclusive, and in place, of all other liability of the United States or such instrumentality to the employee, his legal representative, spouse, dependents, next of kin, and anyone otherwise entitled to recover damages from the United States or such instrumentality, on account of such injury or death, in any direct judicial proceedings in a civil action or in admiralty, or by proceedings, whether administrative or judicial, under any other workmen's compensation law or under any Federal tort liability statute.

Compensation Benefits.

The following schedule sets forth, in general, employee benefits under FECA.

<u>Type</u>	<u>Qualifications</u>	<u>Amount</u>
1. Hospital and medical expenses	If approved facilities used and procedures followed	Varies with case
2. Travel to place of treatment	If local facilities are not suitable or available	Varies with case
3. Services of an attendant	If Administrator finds it necessary because employee is helpless as to require constant attention	Not to exceed \$75 per month
4. Compensation for time lost	If desired. May take accrued sick and annual leave	66 2/3% of monthly salary or schedule award
5. Augmented compensation for dependents	If one or more dependents, Wife, Husband, Unmarried child, Parent	8 1/3% of monthly pay (Limited to that part of monthly pay not in excess of \$420)

6. Funeral bills	If death results from the injury	Not to exceed \$400 At the discretion of the Administrator
7. Death Benefits		
a. Widow	Until remarriage or death	45%
b. Widower	If wholly dependent upon wife. ('Til re-marriage, death or capable of self-support)	45%
c. Children	'Til child marries, dies, or reaches 18	To widow 40%, and 15% for each child not to exceed 75%
d. Orphan children	'Til child marries, dies, or reaches 18	35% for one child and 15% for each additional child not to exceed 75% divided among such children share and share alike
e. Parents	(1) If one dependent and one not (2) If both are dependent	(1) 25% (2) 20% to each
f. Other dependents	(1) If one dependent (2) If more than one (3) If one wholly dependent but one or more only partially dependent	(1) 25% (2) 30% share alike (3) 10% share alike

ANNEX I - TAB A

Territories and Possessions of the United States

Territories

Hawaii  
Alaska

Possessions

Puerto Rico  
Canal Zone  
Corn Islands  
Guam  
Virgin Islands of the United States  
American Samoa  
Midway Islands  
Wake Island  
Canton Island  
Enderbury Island  
Johnson Island  
Sand Island  
Swan Island  
Trust Territory of the Pacific Islands

Northern Marianas  
Caroline Islands  
Marshall Islands

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TAB C

Hospital and Surgical Insurance

General.

Hospital and surgical Group Insurance Plans are available to Agency employees through the Government Employees Health Association, a charitable corporation, incorporated under the laws of the District of Columbia. The need for this vehicle for the processing of insurance applications, payments and claims, arose out of the operational and security requirements of the Agency that precluded normal application and claim submission by Agency employees. As a corollary to the requirement for a proper vehicle, CIA provides for the administration of the Government Employees Health Association as a gratuitous service to those employees availing themselves of the service. With the exception of the method of application, payment of premiums and claim submission and payment, the Group Insurance Plans available at the present time (Mutual of Omaha and Group Hospitalization Incorporated) do not differ from those offered by the same companies to the general public. The benefits are the same.

Comparison of Benefits.

The attached paper, Annex I, sets forth a comparison of the benefits offered by Group Hospitalization Medical Service and the benefits offered by Mutual of Omaha. Penned changes of Mutual of Omaha (designated as "GEMA Present Plan," right-hand column) have been made to reflect increased benefits that were effective 1 September 1953.

COMPARISON  
of  
THE BENEFITS

Offered By  
Group Hospitalization, Inc.

Offered By  
GOHA's Present Plan

HOSPITAL SERVICES

No Dollar Limit --	UNLIMITED	Semi-private accommodations (cost in Washington area, \$9 to \$13.50 a day)	LIMITED LIMITED	\$9 A Day
	UNLIMITED	Meals and special diets		
These Services Covered In Full Regardless Of Cost For 21 Days Each	UNLIMITED	General nursing care		
	UNLIMITED	(Medicines (Those listed in official formularies)		
	UNLIMITED	(Cystoscopic room		
	UNLIMITED	(Sterile Tray Service		
	UNLIMITED	(Dressings		
	UNLIMITED	(Plaster casts		
	UNLIMITED	(Intravenous solutions and injections		\$135.00
	UNLIMITED	(Sera (except blood and blood plasma)		
	UNLIMITED	(Analgesic care		
	UNLIMITED	(Recovery room		
Hospital Confinement	UNLIMITED	(Oxygen and use of equipment for administering oxygen		
	UNLIMITED	Blood Transfusions (Blood and blood plasma not included)		\$25.00 each
	UNLIMITED	Operating room	LIMITED	
	LIMITED (1st uri- nalysis and blood count)	Laboratory Examinations	LIMITED	
	LIMITED (\$9 a day for 3 days; full service benefits for ectopic pregnancy, miscarriage, \$80 for normal delivery; \$150 Caesarean section, plus any pathology if required.)	Maternity Benefits	LIMITED (\$9 a day for 1/2 days plus \$45.00 unallotted; \$40 for miscarriage; \$50 for delivery; \$100 for Caesarean section.)	

COMPARISON - Continued

	<u>Offered By Medical Service (1)</u>	<u>Offered By GEHA's Present Plan</u>
	Up to \$250 <sup>(2)</sup>	Up to \$150
<u>SERVICES RELATED TO SURGERY</u>		
No Limit On	\$10 to \$40 (For each ad- ministration of anesthesia)	LIMITED
Number Of Procedures	\$5 to \$35 (For each X-ray)	LIMITED
	Up to \$25 (For each laboratory examination)	LIMITED
	Anesthetist	Included In \$135.00 Mis- cellaneous Expense
	X-ray	
	Clinical Laboratory Examinations	Allowance

(1) Medical Service allowances available while subscriber is hospitalized for and is receiving surgical or obstetrical services covered by the Plan. Complete coverage regardless of cost if subscriber's income is within specified level.

(2) Complete coverage for eligible participants.

THE COST (Per Month)

<u>Classification</u>	<u>Group Hospitalization and Medical Service</u>	<u>GEHA's Present Plan</u>
I. Single member only	\$2.70	\$1.60
II. Married member and spouse	6.90	4.75
III. Married member, spouse and all children	6.90	6.00
IV. Member and all children, where there is no adult dependent	6.90	4.75
V. Member and one child, where there is no adult dependent	5.40	

BENEFITS OFFERED BY GROUP HOSPITALIZATION, INC.    BENEFITS OFFERED BY GEHA'S PRESENT PLAN  
(BLUE CROSS)

Benefit Days

When a participant is admitted to a participating hospital the Hospital Service Contract will offer, for each hospital confinement 21 days of hospital care with full service benefits in semi-private accommodations, plus 180 additional days for which the Plan will provide an allowance of \$5 a day — a total of 201 benefit days for each confinement. Successive confinements shall be considered to be continuous and to constitute a single confinement if discharge from and readmission to a hospital occur within a 90-day period.

Benefit days will be fully renewed when 90 days have elapsed between the patient's last discharge from the hospital and his next hospital admission.

Benefits during the full benefit days will include the following hospital services regardless of cost:

Semi-private room — accommodations for 2, 3 or 4 persons (prevailing rates in the Washington area hospitals range from \$9 to \$13.50 a day). If a participant occupies a private room, by choice or because of his condition, he will receive a credit of \$10 a day toward the hospital's charge for the room occupied.

Meals — including special diets  
General nursing service

Cystoscopic room

Analgesic care

Recovery room

All drugs and medicines listed in the official formularies

Dressings

Plaster casts

Intravenous solutions and injections

Sterile Tray Service

First urinalysis and complete blood count

Operating room

Oxygen

Use of equipment for administering oxygen

Benefit Days

The GEHA policy will pay expenses actually incurred in a hospital not exceeding \$9 a day for not exceeding 31 hospital days for any one disability.

Benefit days will be fully renewed for each new illness and each new accident provided at least one day's discharge from hospital between illnesses.

The GEHA policy offers a total maximum allowance of \$9 a day (as noted above) toward the hospital's charge for room accommodations, meals and special diets, and general nursing service.

The Insurance Company offers not to exceed \$135.00 unallocated as the result of any one accident or sickness for laboratory services, use of operating room, administration of anesthetics, and x-ray services.

**BENEFITS OFFERED BY GROUP HOSPITALIZATION, INC. (BLUE CROSS)**

**Maternity Benefits**

The Family Hospital Service Contract provides an allowance of up to \$9 a day for a maximum of eight days of hospital care for any one pregnancy after the Contract has been in continuous effect for a period of 10 months.

Full Hospital Service Benefits, including use of the delivery room and labor room will be provided for Cesarean deliveries, termination of ectopic pregnancies, and miscarriages.

(See also Surgical Benefits for Obstetrics.)

**Emergency First Aid -- Out-Patient Service**

An allowance up to \$10 is provided for out-patient service for (1) emergency first aid within two hours after an accident, or (2) use of operating room facilities when a general anesthetic is used.

**Tonsils or Adenoids**

Benefits for the removal of tonsils or adenoids are provided after the Contract has been in effect continuously for 10 months, and are limited to one day for children and two days for adults.

**Pulmonary Tuberculosis -- Mental or Nervous Disorders**

When the participant is accepted for treatment by a general hospital, up to 10 days' care will be provided for pulmonary tuberculosis and mental or nervous disorders during any 12 consecutive months.

**Maternity Benefits**

If a member of the Family Group is confined to a hospital for childbirth, abortion, miscarriage or any other complication of pregnancy while the policy is in force and nine months after its date of issue, the policy will pay not to exceed \$9 for not exceeding 14 days toward hospital charges. In addition, there is an allowance of up to \$45.00 unelotted toward the charges. Female members are covered effective with date of policy. There is a nine month waiting period for wives of members.

**Accidental Emergency Benefit Outside Hospital**

Dependents and members are covered with effective date of policy if admitted to hospital as out-patient.

**Tonsils or Adenoids**

\$9 a day plus \$135.00 toward miscellaneous hospital expense. No waiting period.

**Pulmonary Tuberculosis -- Mental or Nervous Disorders**

Maximum of 31 days' care will be provided for pulmonary tuberculosis, mental or nervous disorders.

**BENEFITS OFFERED BY MEDICAL SERVICE OF D.C.  
(BLUE SHIELD)**

Surgical Service benefits are available as often as necessary to help pay the doctor for the following services rendered in a hospital by a participating physician:

**For Surgery**—including the treatment of fractures and dislocations. Tonsillectomies and adenoidectomies are covered after a 10-month waiting period. (Benefits are provided for more than one surgical procedure regardless of whether they are performed through the same abdominal incision.)

**For Obstetrics**—care of miscarriage, ectopic pregnancy or delivery, including aftercare in the hospital by the physician—to subscribers enrolled under the Family Contract after a 10-month waiting period. (See page 6 for allowances.)

**For Related Services**—Administration of anesthetics, diagnostic x-ray services, clinical laboratory examinations. These related services are available while a subscriber is hospitalized for and is receiving surgical or obstetrical services covered by the Plan.

**Home and Office Care**

The Surgical Plan offers benefits for the following currently specified services when rendered in the home or in the doctor's office: emergency treatment of fractures and dislocations; excision of superficial tumors and cysts; external thrombosed hemorrhoids; delivery; suturing lacerations (up to \$15); nasal polyp removal; chalazion removal; probing tear duct (initial); and circumcision.

**Eligibility for Full Service Benefits**

The Surgical Plan offers service benefits that will cover the physician's charges in full (including charges for x-ray, anesthetics and pathology) if the subscriber is a single participant and his income does not exceed \$3,000 a year or a family participant and the family income does not exceed \$5,500 a year. If the subscriber's income exceeds these amounts, the Plan offers up to \$250 (depending upon the surgical procedure) to help pay the doctor.

**BENEFITS OFFERED BY GEHA'S PRESENT PLAN**

Surgical benefits are offered if any member of the Family Group undergoes an operation named in the Schedule of Operations.

Any operation not enumerated will be covered and the Association will determine the amount of reimbursement, if any. Two or more surgical procedures performed through same abdominal incision considered as one operation.

(See examples, pages 8 and 9)

The GEHA policy offers the maternity benefits set forth in the examples of payments on page 6.

These Related Services are included in Miscellaneous Hospital expense for which the allowance of \$135.00 is provided.

**Home and Office Care**

Surgery performed at the doctor's office is covered.

**No Service Benefits**

The GEHA policy does not offer service benefits. It provides only the amounts set forth in the Schedule of Operations regardless of the policy holder's income. Maximum allowance \$150.

EXAMPLES OF PAYMENTS OFFERED BY MEDICAL SERVICE TO SUBSCRIBERS WHOSE INCOMES EXCEED THE AMOUNT THAT ENTITLES THEM TO FULL SERVICE BENEFITS, AND OF PAYMENTS OFFERED BY THE GEHA POLICY

	<u>Medical Service Plan</u>	<u>GEHA Policy</u>
Hernia (Inguinal Unilateral)	\$100	\$ 50
Hernia (Inguinal Bilateral)	140	75
Appendectomy	100	100
Fracture of Spine	125	50
Dislocation (Hip)	75	35
Prostatectomy	200	150
Pregnancy (Normal Delivery)	80	50
Pregnancy (Caesarean)	150	100
Removal of Kidney	175	100
Mastoidectomy (One Side)	150	100 (Both Sides)
Brain tumor or abscess	250	150
Hemorrhoidectomy (Internal)	60	25
Tonsillectomy and Adenoidectomy	50-55	25
Administration of Anesthetics (depending upon surgical or obstetrical procedure)	\$10 to \$40 <sup>(1)</sup> (For each administration of anesthesia)	These services included in Miscellaneous Hospital expense for which maximum allowance is \$135 unallocated
Diagnostic X-ray Service (depending upon part of body x-rayed)	\$5 to \$35 <sup>(1)</sup> (For each x-ray)	
Clinical Laboratory Examinations (depending upon type of examination, in addition to first urinalysis and blood count provided by Group Hos- pitalization)	Up to \$25 <sup>(1)</sup> (For each laboratory examination)	

(1) Available while a subscriber is hospitalized for and is receiving surgical or obstetrical services covered by Medical Service.

GROUP HOSPITALIZATION AND MEDICAL SERVICE

GEHA'S PRESENT PLAN

CONDITIONS NOT COVERED

The Hospital and Surgical Service Plans do not cover: Workmen's Compensation cases; military service connected disabilities; congenital anomalies; plastic or cosmetic surgery (unless required because of injuries received after the participant is enrolled). The Hospital Service Contract does not cover rest cures, nor hospitalization required primarily for diagnosis or physical therapy. The Surgical Service Contract does not cover dental services, sprains, strains, contusions, sterilization except for valid medical reasons, or any services in home or office other than those specified in the Schedule of Fees in effect when the service is provided.

Benefits are not provided if the loss arises out of or in the course of the member's occupation as this is covered by Employee's Compensation Act.

Pre-existing Conditions - Waiting Periods

Pre-existing conditions, other than exclusions noted above, are covered after a 10-month waiting period. Benefits for obstetrical care and for the removal of tonsils and adenoids are available after 10 months.

Pre-existing Conditions - Waiting Periods

There is a nine month waiting period applicable only to maternity benefits for the wives of members.

For a comparison of the dollar value of benefits received by Group Hospitalization and Medical Service subscribers (actual cases) and the dollar value of the benefits they would have received under the GEHA policy, see pages 8 and 9.

Diagnosis: Diaphragmatic Hernia

<u>Services</u>	<u>Charges</u>	<u>Charges Covered By GHI-MSDC</u>	<u>Charges Covered By GEHA Plan</u>
4 days private accommodations @ \$17	\$ 68.00	\$ 40.00	\$ 36.00
14 days semi-private accommodations @ \$11	154.00	154.00	126.00
Operating room	42.00 *	42.00	
Laboratory examinations	12.00 *	3.75	
Anesthetist	50.00 *	50.00	135.00
X-ray	185.00 *	185.00	
Pathologist	41.50 *	41.50	
Recovery room	2.50	2.50	
Medicines	181.60	181.60	
Oxygen	10.00	10.00	
Physician	410.00	410.00	150.00
Miscellaneous	<u>14.00</u>		
<b>Totals</b>	<b>\$1,760.60</b>	<b>\$1,125.35</b>	<b>\$447.00</b>
Amount paid by subscriber		\$ 45.25	
Amount subscriber would have paid if covered by GEHA policy			\$723.60

Total Allowance for "Miscellaneous Hospital Expenses"

NOTE: All of the charges for hospital services required by the patient in this case were covered in full by the subscriber's Group Hospitalization Contract except \$45.25 of which \$28 was for a private room, \$3.25 for laboratory examinations, and \$14 for miscellaneous items. His income was within the prescribed amount that entitled him to full Surgical Service Benefits and his Surgical Contract covered the charges for physicians' services in full. The amount the GEHA policy would have allowed for the physician in this case is not known; however, in this example, the maximum allowance of \$150 has been used.

Under the GEHA Plan which offers \$9-\$135-\$150, the subscriber would have had to pay \$723.60 of the above bill.

The GEHA Plan provides \$135.00 for use of recovery room, medicines and oxygen which, in this case, cost a total of \$194.10.

\*These charges which amounted to \$330.50 are covered in full by the subscriber's Group Hospitalization and Surgical Contracts except for \$3.25. These charges are included in "Miscellaneous Charges" by the GEHA Plan and are covered only by the maximum allowance for miscellaneous charges which in this example, is \$135.00. "Miscellaneous Charges" exceed the indemnity plan's allowance by \$195.50.

Diagnosis: Cancer

<u>Services</u>	<u>Charge</u>	<u>Charges Covered By GHI-MSDC</u>	<u>Charges Covered By GEHA Plan</u>	
16 days semi-private accommodations @ \$13.50	\$216.00	\$216.00	\$144.00	
Operating room	82.50 *	82.50		
First urinalysis and complete blood count	7.00 *	7.00		
Anesthetist	70.00 *	70.00	135.00	Total Allowance for "Miscellaneous Expenses"
Laboratory Services	194.00 *	194.00		
Roentgenologist (X-ray)	125.00 *	125.00		
Medications (including sera and intravenous solutions)	180.65	180.65		
Oxygen	254.75	254.75		
Dressings	154.65	154.65		
Physician	590.00	590.00	150.00	
<b>Totals</b>	<b>\$1,784.55</b>	<b>\$1,784.55</b>	<b>\$ 429.00</b>	
Amount paid by subscriber		NONE		
Amount subscriber would have paid if covered by GEHA policy			<b>\$1,355.55</b>	

NOTE: All of the charges for hospital services required by the patient in this case were covered in full by the subscriber's Group Hospitalization Contract. Her income was within the prescribed amount that entitled her to full Surgical Service Benefits and her Surgical Contract covered the charges for physicians' services in full.

Under GEHA's Plan offering \$9-\$135-\$150, the subscriber would have had to pay \$1,355.55 of the above full.

The GEHA Plan provides \$135.00 for medicines, oxygen and dressings which, in this case, cost \$590.05.

\* These charges, which amounted to \$478.50, were covered in full by the subscriber's Group Hospitalisation and Surgical Contracts. These charges are included in "Miscellaneous Expenses" by the GEHA Plan and are covered only by the maximum allowance for miscellaneous charges which is \$135.00. "Miscellaneous Expenses" exceed the indemnity plan's allowance by \$343.50.

TAB D

EXTRACT FROM FOREIGN SERVICE TRAVEL REGULATIONS

1.2 Definitions

- a. Employee
- b. Family -
  - (1) Wife
  - (2) Children (including step-children and adopted children) who are unmarried and under 21 years of age or, regardless of age, are physically or mentally incapable of supporting themselves.
  - (3) Parents (including step-parents and adoptive parents) of the employee, or of the spouse, when such parents are American nationals and are 50 percent or more dependent on the employee for support.
  - (4) Sisters and brothers (including step-sisters, step-brothers, adoptive sisters, and adoptive brothers) of the employee, or of the spouse, when such sisters and brothers are American nationals, are 50 percent or more dependent on the employee for support, are unmarried, and are under 21 years of age; or, regardless of age, are American nationals and are physically or mentally incapable of supporting themselves.
  - (5) Husband who is physically or mentally incapable of supporting himself.

TO: Director of Central Intelligence  
FROM: Legislative Task Force  
SUBJECT: Death Gratuity as a Career Service Benefit

OCT 1 1953

## 1. PROBLEM.

Because of the unique nature of this Agency and the consequent peculiarities in the status of its personnel in relation to personnel of other Government agencies, certain disadvantages are incurred by survivors of Agency personnel in procuring the monetary benefits to which they are entitled by reason of the decedent's government employment. (See Annex A.)

## 2. FACTS BEARING ON THE PROBLEM.

A. The ostensible employment of covert personnel in other governmental and non-governmental positions necessitates extensive internal processing of records, and, in some cases, an unsubstantiated claim, in applying for death benefits under existing programs available to government employees. In extraordinary cases, no death benefits however deserved may be forthcoming. (See Annex A.)

B. All existing measures for death benefits - as provided by the Civil Service Retirement Act of May 22, 1920, as amended; by the Federal Employees Compensation Act of September 7, 1916, as amended; and by the War Agencies Employees Protective Association insurance policies - are contingent upon the occurrence of certain conditions precedent. (See Annexes B, C, D, respectively.) Security factors cause inordinate but unavoidable delays to arise in the acquisition, processing, and review of data required to prove the presence of the required conditions.

C. The military services are authorized to pay a death gratuity to the appropriate survivor(s) of an amount equal to six months pay at the rate received by the officer, enlisted man, or nurse at the time of his or her death. (34 U. S. C. 943 Navy; 10 U. S. C. 903 Army). (See Annex E.)

D. Since World War II a trend toward gratuitous insurance for employees has appeared in the field of private industry. (See Annex F.)

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E. There is no general legislative precedent for a death gratuity for survivors of civilian employees of the U. S. Government. However, 5 U. S. C. 118 (f) may represent a step in this direction since it does allow a grant of money to survivors of indigenous civilians employed abroad. (See Annex G.)

F. Since the emphasis in a career service program is on the selection and development of younger personnel, it is believed that a low mortality rate does and will prevail in this Agency and that the cost of such a benefit would not be excessive. (See Annex H.)

3. DISCUSSION.

In the past century strong new influences have come into the labor-management relationship. These influences have been manifested in public social security legislation and private agreements between labor and management. They have been stimulated by enlightening studies in the field of employee motivations. The effect of these influences is that wages are no longer measured solely in terms of remuneration for work performed, but also in terms of health and welfare benefits provided by management. Every employer, public and private, must reckon with the trend of employee benefits and keep apace thereof lest his efforts to attract and retain personnel be jeopardized.

4. CONCLUSIONS.

A. In order to compensate for inordinate delays in receiving death benefits and thereby place personnel of this Agency on an equal basis with employees of other civilian services, and to equalize this Agency's competitive position with the military services and private industry in developing a career service, a death gratuity benefit should be incorporated in the career service program.

B. The death gratuity should be awarded immediately upon official notification of death.

C. The gratuity should be a lump sum of \$1,000.

D. Since this gratuity will be contingent solely upon death while in the Agency's employ, it should be in addition to, and not an alternative of, any moneys to which the survivor(s) may be entitled by reasons of contributions by the decedent during his lifetime or under workmen's compensation provisions. It should not be subject to set off any indebtedness of the decedent. (See Annex H.)

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E. This gratuity should be available only to survivors of regular officers and employees of the Agency, excluding consultants, persons whose services are obtained by special contracts, and military personnel in active status assigned to duty with this Agency.

F. This gratuity should be awarded regardless of the cause of death, however, intoxication, attempts to do harm to oneself or to another, or any deliberate misconduct on the part of the employee resulting in his death should raise a presumption of ineligibility of the survivors, which presumption may be set aside at the discretion of the Director.

5. ACTION RECOMMENDED.

A. That CIA Career Service Board approve the above conclusions and secure DCI approval.

B. That the Office of the General Counsel be requested to prepare appropriate legislation.

C. That the Office of the Assistant Director (Personnel) be requested to prepare appropriate justifications and supporting data.

D. That the Deputy Director (Administration) be requested to assume over-all responsibility for action.

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ANNEX A

Disadvantages of Survivors of Agency Personnel.

The subject of financial assistance to his survivors in the period of emergency after his death is a most important one in the mind of every breadwinner. By offering a means of coping with the problems of this subject, the employer increases efficiency by building better morale and reducing turnover.

Probably the three largest employee groups are: (1) those in private industry, (2) those in military service, and (3) civilian employees of the Government. All have some form of death benefits. Free insurance programs exist and are being extended by the employers for the benefit of the first group. The military services grant a death gratuity. Members of the third group are subject to the more complicated administrative procedures and limitations of the Civil Service Retirement Act and the Federal Employees Compensation Act. (See Annexes B and C, respectively).

Survivors of Agency personnel may enjoy a slight advantage in that once a claim has left this Agency it may receive confidential and more expeditious handling in the Civil Service Commission or the Bureau of Employee's Compensation. In order to preserve the efficacy of any special arrangements, however, they must only be used in cases which fully warrant them. For reasons of security, the Agency prefers to have its claims processed in a manner normal to other Government establishments.

Before a claim for any benefits which become due upon death may be submitted to the Civil Service Commission, it is necessary that the employee's leave record and financial accounts be settled. This often requires the submission of data from the field. Any funds which may be due the survivors are subject to set off any indebtedness of the employee to the Agency. When extremely covert arrangements for purchases of articles or pay have been effected, as has happened and probably will continue to happen, the settlement of accounts becomes complicated and drawn out.

Death claims to the Bureau of Employee's Compensation must be accompanied by a certificate of death and an Official Superior's Report of Injury, Form CA-2. The component of the Agency of which the decedent was a member or his superior in the field must submit the completed CA-2, together with an opinion as to whether operational security might be jeopardized by submission of the case to the Bureau. This statement is forwarded through the Inspection and Security Office for review and the final decision on security questions.

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If a claimant appeals directly to the Bureau, the claim is immediately passed to this Agency so that the internal procedures required for the maintenance of security will not be circumvented. The procedures of claiming employee compensation awards are receiving great attention in the Insurance and Claims Branch of the Employee Service Division, and considerable progress has been made. However, the number of organizational components and the number of persons involved will still be a handicap on efficient procedures. This problem is peculiar to a security agency.

With respect to both Civil Service Retirement Claims and Employee Compensation Claims, it is conceivable that the case of a particularly sensitive employee could not be submitted for death benefits, even to the cleared Agency contacts. This same employee might for security reasons be barred from obtaining War Agencies Employee Insurance. There would be no means of compensating his survivors.

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Attached herewith are two tables comprising Annex Al. Table I is a chronological listing of Agency employees who have died during the fiscal years 1952 - 1953. This table shows the time lapse between the date of death and the date the employee's records were forwarded to the Civil Service Commission for the disbursement of refund or annuity moneys to the survivors. The time consumed by internal Agency processing is shown in the column headed "Lapse Months."

Table II shows the schedule of lapsed time between the date of death and the dates on which disbursements were made from the sources indicated in favor of the survivors.

The median average lapse of all cases shown in Table I is 3 months. The five most recently settled cases were selected to constitute Table II since (1) they include both vouchered and unvouchered employees and (2) the delay in each of the selected cases approximates the median delay of 3 months.

For the purpose of processing records all death cases are handled on the basis of the decedent's being a staff employee.

The data shown in Table I and the extension of information on some of those cases in Table II shows that a considerable portion of the total lapsed time from the date of the employee's death to the first receipt of money is attributable to the Agency's internal processing as required by security factors.

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ANNEX B

Death Payments as Provided by the Civil Service Retirement Act of  
May 22, 1920, as Amended.

The only lump sum amount payable to the survivor of an employee is the unpaid compensation due the decedent. (See 5 U. S. C. 61 (f). The legislation embodied in 5 U. S. C. 61 (f) is designed "to facilitate the settlement of accounts of certain deceased civilian officers and employees of the Government." This legislation is indicative of a cognizance on the part of the Congress of the burdensome procedures and delays in making funds available to survivors. However, this legislation does not affect the annuity or refund amounts which are controlled by separate legislation.

Immediate lump sum payments of annuity or refund moneys may be made only (1) if the deceased employee has completed less than 5 years civilian service, or (2) if he has completed 5 years service but leaves no widow or children entitled to immediate or future annuity. If a deceased employee leaves a widow or children entitled to an immediate or future annuity, a delayed lump sum payment may be paid (1) when the annuity of the last survivor has terminated or (2) if the deceased employee is survived only by a widow and her right to future annuity is lost by her remarriage or her death before the age of 50. (Guss. 188-190, Page - 27-28, Pamphlet 18, U. S. C. S. C., May 1951).

The primary purpose of the Civil Service Retirement Act is that it is aimed at providing a subsistence fund over a period of years, and not at alleviating the immediate financial burdens attendant upon the death of a breadwinner. A death gratuity is aimed at the latter.

ANNEX C

Death Benefits as Provided by the Federal Employees Compensation Act of September 7, 1916, as Amended.

2. In case of death resulting from injury or disease, the law provides for payment to the personal representatives of the deceased employee an amount not to exceed \$400.00 for the payment of funeral and burial expenses.

The Federal Employees Compensation Act has its roots in the common law master-servant relationship and the workmen's compensation laws which have so modified that relationship that employer responsibility for job-incurred injuries by employees has been greatly extended. The only bars to employee compensation for job-incurred injuries by Federal Employees are willful misconduct, intoxication, and intent to bring about injury to oneself or to another employee. The common law bars of assumption of risk, contributory negligence, or fellow-employee negligence are of no effect.

The only requirements for employee compensation benefit are work injuries or occupational diseases. Underlying these requirements which are so broad as to apparently make an insurer of the employer, is the basic responsibility of the employer to provide a work area free of hazards. A statement of one of the sponsors of the bill which subsequently was enacted as the Act of September 7, 1916, is germane: "...accidents do happen even in occupations not usually denominated hazardous. If under such circumstance an accident does happen, it is certainly because at that particular time and under these particular circumstances there was some hazard." (Congressional Record (House), July 12, 1916, Vol. 53, Page 10892).

Employee compensation is not a largesse of the Government but is a fulfillment of a moral obligation, hence its value as an inducement to career service is neutralized and the acquisition of benefits is delayed by procedural requirements.

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ANNEX D

Death Payments as Provided by the War Agencies Employees Protective Association.

The War Agencies Employees Protective Association was founded during World War II when unrestricted life insurance was unavailable to many civilian U. S. Government employees who were to serve overseas. The service of this Association has continued and offers unusual benefits and low cost coverage. It is contemplated that membership in the Association will no longer be limited to persons actually preparing to embark, but will be extended to those who indicate an intent to serve overseas.

Attached herewith as Annex D<sup>1</sup> is a table describing War Agencies Employees Protective Association insurance cost and coverage.

The merits of this insurance program cannot be questioned; however, the employee who chooses to avail himself of the program must undertake a financial obligation to do so. Therefore, the employee who already carries insurance which covers him outside the continental limits of the United States and/or already carries insurance which he desires to retain without incurring additional obligations may find the opportunity of War Agencies Employees Protective Association insurance beyond his reach.

The attraction of the insurance program as a career - inducing benefit is limited to those who can and will avail themselves of it. A death gratuity benefit would be available and attractive to all employees.

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ANNEX D<sup>1</sup>

AGE GROUP	BASIC SALARY	AMOUNT OF BASIC POLICY	CURRENT DIVIDEND* LIFE INSURANCE	ADDITIONS ACCIDENTAL DEATH BENEFIT	TOTAL COVERAGE	COST FOR MONTH
Up to 40 incl.	Less than \$3,200 \$3,200 & over	\$ 5,000 10,000	\$1,000 2,000	\$ 7,500 15,000	\$13,500 27,000	\$ 4.17 8.33
41-50 incl.	Less than \$3,200 \$3,200 & over	\$ 5,000 10,000	\$1,000 2,000	\$ 7,500 15,000	\$13,500 27,000	\$ 5.21 10.42
51-65 incl.	Less than \$3,200 \$3,200 & over	\$ 5,000 10,000	\$1,000 2,000	\$ 7,500 15,000	\$13,500 27,000	\$ 6.25 12.50

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ANNEX E

Death Gratuity in the Military Services.

The Military Services have been authorized since 1908 (35 Stat. 128) to pay a death gratuity consisting of an amount equal to six months pay at the rate received by the officer, enlisted man, or nurse at the time of his or her death, the only requirement being that death is caused by wounds or disease while on active duty. (34 U. S. C. 943, NAVY), (10 U. S. C. 903, ARMY).

As can be found stated in Vol. 58 Congressional Record, P. 5693, this death gratuity benefit is of a long standing and is designed to tide over the emergency caused by the death of the head of a family. This intent was reaffirmed in an amendment subsequent to the case of *Spotswood v. U. S.*, 80 Ct. Cl. 836, 1935. The decision in the Spotswood case stated that a death gratuity became part of the decedent's estate and was subject to distribution accordingly. The present wording of the U. S. Code reflects the amendment that the gratuity be paid directly to designated persons for the purpose of implementing the legislative intent.

The power to award death gratuities is vested in the Secretaries of the respective departments and it may be exercised "immediately upon official notification of death."

There is no statement that such a gratuity is subject to set-off of any indebtedness of the decedent. Since it is designed as a right of the survivor, it is not likely that such a set-off provision would be present. The conditions of active duty and official notice of death are readily established (except in those missing in action cases which are otherwise covered), therefore the delays of proving eligibility are avoided.

The U. S. Court of Claims in *Lemly v. U. S.*, 1948, 75 F. Supp. 248, 109 Ct. Cl. 760, stated that provisions for compensation of injuries and diseases contracted by military personnel "were enacted for motives of public policy and should not be narrowly construed." This statement is broad enough to admit the implication that the public interest will be served by the existence and liberal construction of benefit provisions, in that career military service will be fostered. The public interest would also be served by fostering the development of a career intelligence service.

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ANNEX P

Comparable Benefit in Private Industry

Although an insurance program at the employer's expense differs from a gratuity benefit, they have, from the viewpoint of the employee, the same effect. Consideration has therefore been given to the extent of free insurance programs in private industry.

In a paper entitled "Trends in Employee Benefits", contained in the Proceedings of the Silver Bay Conference on Human Relations in Industry, 1952, James H. Mack, of Associated Industries of Cleveland, reported on a survey of 104 leading Cleveland companies. On page 58 of the above-mentioned paper, it is stated:

"Group life insurance - usually between \$1000 and \$2000 - is available at company expense at almost all companies employing 1000 or more people. This is not a recent development. The trend in this direction has been noticeable ever since World War II, and it was accelerated after the Ford and Bethlehem pension settlements in 1949."

A further indication of the extent of free insurance on a nationwide scale may be found in the Digest of Selected Health, Insurance, Welfare, and Retirement Plan under Collective Bargaining, published by the Bureau of Labor Statistics in August, 1951. Of the 37 firms constituting the base of the survey, 10 provided insurance at company expense. Among these 10 listed were the American Woolen Co., the Nigelow-Sanford Carpet Co., the Kaiser-Frazer Corp., and the Minneapolis-Honeywell Regulator Co.

These statistics reflect (1) the place in the employee's mind of the necessity for financial assistance to his survivors in the event of his death, and (2) the recognition on the part of management of the value of such a benefit as increasing efficiency by inducing employee security and continued employment. The experience of private industry in this regard might well be applied to Government service.

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ANNEX G

Existing Limited Death Gratuity for Civilian Employees

Although there is no direct precedent for a death gratuity as proposed herein, it is believed that 5 U. S. C. 118 (f), which is quoted below is of significant bearing:

(Public No. 181 - 76th Congress)  
Chapter 286 - 1st Session  
(S. 1523)

AN ACT

To authorize the payment of burial expenses and expenses in connection with last illness and death of native employees who die while serving in offices abroad of executive departments of the United States Government.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, that the head of any executive department, which maintains permanent staffs of employees in foreign countries is hereby authorized to pay out of any appropriation available to the department concerned for miscellaneous or contingent expenses, burial expenses, and expenses in connection with last illness and death, not in excess of \$100 in any one case, of the native employees of such department in those countries with respect to which the Secretary of State shall determine it is customary for employers to pay such expenses; and the head of any executive department, which maintains permanent staffs of employees in foreign countries where such custom does not exist, is authorized, upon finding that the immediate family of the deceased is destitute, to make such payments within the limitations prescribed above to the family, heirs-at-law, or persons responsible for the debts of the deceased, as the officer in charge of the office abroad in which the deceased was employed shall determine the to be proper.

"Approved July 15, 1939"

This legislation is directly applicable only to indigenous employees of the U. S. Government in foreign lands, however, the latter portion thereof, beginning after the semi-colon, contains an expression of recognition of a non-contributory award to civilian employees of the Government without the qualification that injury or death occur in the performance of duty.

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ANNEX H

Cost to Agency of Death Gratuity Benefit.

During the past two years, approximately 30 Agency employees died. The total cost to the Agency over this period would have been \$30,000. Considering this sum in the light of the total number of Agency employees, the cost per employee covered would be very small. The cost per employee is the counterweight in determining the advantages to the Agency.

The emphasis in a career service program must be on the selection and development of younger personnel. Over the years, the fewer positions in the higher scale of the service will cause a natural selection out process to be operative. This process will minimize the cyclical factor of groups of young personnel growing old at the same time.

A career service program is based on selectivity and reduced numbers of personnel. If the sums provided for career benefits are conducive to that end, those sums may well be counterbalanced by fewer salaries and reduced administrative costs resulting from a lower turnover percentage.

Since a straight gratuity would involve a minimum of administrative procedures, the cost of administration of such a benefit would not be a significant addition to the over-all cost structure.

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ANNEX I

Gratuity Not a Bar or Set-Off to Other Moneys

The sole requirement for a death gratuity as herein proposed should be death while in the Agency's employ. The administrative delays imposed by security considerations could thereby be avoided and the optimum value as a career inducement could be derived.

As stated in other portions of this study, existing death provisions are conditioned upon the presence of certain facts (as regards Civil Service Retirement or Employee Compensation) or upon consideration by the employee (or agencies Employee insurance). They arise out of situations which are over and above the mere fact of employment, therefore a right to any moneys which may accrue from such situations should not be a bar to moneys due from the naked relationship of employment.

Since the right to such a gratuity would be contingent upon employment at the time of death, and no right would become vested until such happening, the authority of the Director under Sect. 102 (c) of the National Security Act of 1947 could be exercised without fear of a claim from a survivor or survivors of an employee who had been terminated.

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C

MEMORANDUM FOR: The Director of Central Intelligence

SUBJECT: Allowances to Agency Officers and Employees for  
Education of Minor Dependents

1. PROBLEM

What, if any, legislation should be sought by the Agency concerning allowances for the education of minor dependents of officers and employees while accompanying such personnel at permanent stations outside the continental United States?

2. FACTS BEARING ON THE PROBLEM

a. The Agency does not now have either formal policy or consistent practice concerning educational allowances for school-age dependents of its personnel stationed in foreign countries or in United States possessions and territories.

b. Legal opinion states that there is no uniform or specific authority within the Agency to expend money for such educational allowances.

c. Post differential payments made to employees of this Agency are based on a variety of hardship factors and paid as a percentage of the employee's salary without regard to existence or number of dependents.

d. Educational facilities for school-age dependents in various locations, particularly in foreign countries, are frequently unsuitable, inferior, excessively expensive, or non-existent.

e. The military services have authority to pay tuition costs for dependents of their military personnel and civilian employees at foreign military posts.

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f. Other governmental agencies, including Department of State, do not have authority to pay allowances for education of dependents of their employees overseas.

g. The Bureau of the Budget has sponsored a committee, including representatives of State, MSA, Defense and CSC, to draft an "Overseas Civilian Service Act" to consolidate and revise the laws relating to overseas and territorial civilian employees. A sixth draft provides in pertinent part:

"(4) An education allowance or grant as follows:

(1) An allowance to assist an employee

(a) to provide for the elementary and secondary education of his minor dependents, including costs of tuition, board and room, correspondence courses and related costs;

(b) to transport his minor dependents, whenever adequate elementary and secondary educational facilities are not available at the post at which he is serving, to and from the nearest locality where such facilities are available."

### 3. DISCUSSION

a. The concept of Career Service in the Agency contemplates that employees serve, when and where required, in the best interests of the Agency. It is inevitable that many employees with minor dependents will be required to serve in localities without adequate elementary and secondary educational facilities while accompanied by such dependents.

b. It is therefore considered that an allowance for elementary and secondary level education of minor dependents of such employees is a legitimate goal for this Agency.

c. Legislative precedent for such allowances exists with reference to the military services.

d. It is desirable that legislation permit such allowances to be authorized, in the discretion of the DCI, in United States possessions and territories as well as in foreign countries.

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e. One vehicle for the establishment of adequate authority is the draft legislation sponsored by the Bureau of the Budget to equalize, by payment of an allowance, the costs of education of minor dependents overseas.

4. CONCLUSIONS

a. Payment to officers and employees of an allowance for elementary and secondary level education of minor dependents in their company while serving in localities without adequate educational facilities or where the costs of such facilities are excessive would serve to encourage career service.

b. Legislative authority in addition to that now extended to the Agency is necessary before such allowance may be paid.

c. The purpose of such allowance should be to assist the officer or employee to provide for elementary and secondary education of minor dependents but not to pay all costs directly and indirectly connected with such education.

d. Factors which should be considered in computing such allowance are:

(1) Curriculum generally equivalent to that available in the public schools of Washington, D. C.;

(2) The amount of tuition and fees charged for minor dependents attending the public schools of Washington, D. C.;

(3) Tuition, board, and room, correspondence courses and related costs; and,

(4) Transportation to and from the nearest locality where generally equivalent curriculum is available.

e. Legislation should authorize allowances, as required, for personnel stationed in foreign countries and in United States possessions and territories.

f. The Agency should seek legislation on this subject in the alternative, as follows:

(1) Include required specific authority in an Agency legislative program designed to further career service in the field of national intelligence;

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(2) In the event the Agency should not advance a legislative program, then support legislation advanced by the Budget Bureau for general application to governmental agencies and obtain extension of such legislation to this Agency; or,

(3) If neither of the above is feasible during the next session of the present Congress, then budget specifically for such allowances in the next Agency appropriation bill thus seeking to establish annual legislative precedent and authority for such allowances.

5. RECOMMENDATIONS

It is recommended:

- a. That the CIA Career Service Board adopt the above conclusions and secure approval by the Director of Central Intelligence,
- b. That the Office of the General Counsel be requested to draft appropriate legislation,
- c. That the Assistant Director of Personnel be requested to prepare justification and supporting data adequate to support the desired legislation,
- d. That the Deputy Director (Administration) be requested to assume over-all responsibility for action.

1 October 1953

D

MEMORANDUM FOR: Director of Central Intelligence

SUBJECT: Liberalized Retirement System for CIA Employees

PROBLEM

The proposal that a liberalized retirement system be adopted for CIA employees raises the following questions:

1. Do the duties of these employees vary to such a degree from the duties of the average Government employee as to warrant a more liberal retirement system?

2. Assuming that their duties subject them to unusual working conditions, is a liberalized retirement system a feasible method of affording them compensation?

3. Inasmuch as legislation would be required to effect a change in their retirement benefits, should this legislation take the form of (a) a CIA retirement act, or (b) an amendment to the Civil Service Retirement Act?

4. What factors should be considered in computing retirement benefits?

5. What weight should be given to the applicable retirement factors?

FACTORS BEARING ON THE PROBLEM

1. A "Committee on Retirement Policy for Federal Personnel," commissioned by the Congress, under the leadership of Elliott Kaplan is currently engaged in a study of the entire Government retirement system. Its findings might very well affect any legislation which CIA requests for its employees.

2. Precedent exists for liberalized retirement systems for Government employees whose working conditions are somewhat comparable to those of a substantial number of CIA employees in Section 691(d) of 5 U. S. Code Annotated for persons engaged in the investigation and apprehension of criminals (for example, FBI Agents) and in the Foreign Service Act of 1946 for Foreign Service Officers.

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## ASSUMPTION

It is assumed that a liberalized retirement system could not be justified for CIA personnel purely on the basis of their CIA employment. Although their duties subject them to unusual security restrictions, this situation is not so unusual in Government agencies as to warrant special retirement benefit consideration. Consequently, this study is confined to consideration of a liberalized retirement system for CIA employees whose duties subject them to working conditions which are substantially different from those of the average recipient of Civil Service retirement benefits.

## DISCUSSION

1. Do the duties of CIA employees vary to such a degree from the duties of other Government employees as to warrant a more liberalized retirement system?

a. The duties of a substantial number of CIA employees vary from the duties of the average recipient of Civil Service retirement benefits in the following respects:

(1) Some are from time to time engaged in activities which might properly be defined as hazardous duty.

(2) Some serve overseas intermittently or for extended periods of time under clandestine conditions which limit them in the pursuit of normal living and sometimes expose them to hazardous conditions.

(3) Some serve overseas at posts which might properly be defined as "unhealthful."

b. While it is recognized that many civilian employees of other Government agencies, for example, Department of Defense, Department of State, et al, serve overseas without special retirement benefits, it must also be recognized that CIA employees serving abroad differ from them in the following respects:

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(2) They are members of a career service which might require them to serve at any post throughout the world as operational need dictates.

(3) As employees of CIA they are likely targets of foreign intelligence services and, as such, are subject to unusual hazards.

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c. It must be further recognized that the type of clandestine activity in which many CIA employees are engaged overseas requires a combination of mental, physical, and psychological characteristics which are found in diminishing proportions as employees advance past age 50 and particularly in those employees who have been engaged in such activity for an extended period of time. For this reason, retirement at an earlier age than permitted by the Civil Service Retirement Act for such employees is a factor which, for the benefit of the service, should be considered in weighing justification. Apart from the benefit to the service which could be achieved by encouraging early retirement of some employees, the intangible factor of esprit de corps which is derived in part from separate and unique benefits and which is so important as an incentive to the performance of duties overseas which are of an unusual and sometimes semihazardous nature, must also be given recognition.

2. Assuming that the duties of certain CIA employees subject them to unusual working conditions, is a liberalized retirement system a feasible method of affording them compensation?

a. Precedent exists for liberalized retirement systems for FBI Agents and certain other Government employees because of hazardous duty, and for Foreign Service Officers presumably because of their eligibility for continuous overseas service. It must be pointed out, however, that FBI Agents receive no compensation for their unusual type of duty other than special retirement benefits and that Foreign Service Officers, although receiving special retirement benefits, are disqualified for post differential compensation which accrues to other Department of State employees serving overseas.

b. Considering overseas duty under unusual working conditions as a factor which distinguishes CIA employees from other recipients of Civil Service retirement benefits, it should be recognized that if the acquisition of liberalized retirement benefits resulted in disqualifying them in any way from the financial benefits now accruing to such services, the achievement would be of little worth and definitely negative as a morale factor. While this thought might seem to indicate that CIA would be requesting greater benefits than accrue to recipients of other liberalized retirement systems, the proposals of this paper as hereinafter discussed are actually more conservative than the retirement provisions of either the Foreign Service Act of 1946 or Section 691(d) of 5 U. S. Code Annotated, which applies to FBI Agents and other persons engaged in the investigation and apprehension of criminals.

c. In weighing the feasibility of applying liberalized retirement benefits as compensation for the performance of hazardous duty, as such, the following obstacles present themselves:

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(1) The difficulty of defining clearly what constitutes hazardous duty and then describing it adequately in any proposed legislation.

(2) The difficulty of applying the definition on a practical basis as a factor in computing creditable service for a reduced retirement age, e.g., the intermittent performance of hazardous duty could not be measured on a length of service basis.

While recognizing that some employees of the Office of Training, Security, and TSS perform hazardous duty in the United States, it is felt that provisions should be made for their compensation by some method other than liberalized retirement benefits.

d. It would appear, then, that a liberalized retirement system is a feasible manner of compensating for duty overseas under unusual conditions but is not feasible in CIA as a compensation for hazardous duty as such.

3. Inasmuch as legislation would be required to effect a change in CIA retirement benefits, should this legislation take the form of:

a. a CIA retirement act, or

b. an amendment to the Civil Service Retirement Act?

(1) Basic to the proposal for new legislation which would affect CIA must be the consideration of whether or not the new legislation might in any way restrict the existing authority of the DCI. Caution must be exercised to assure that what appears to be a gain in benefits to CIA employees does not result in a legislative encumbrance on the Director's powers.

(2) The advantages of proposed legislation in the form of a CIA retirement act lie in the fact that such an act would allow for the internal administration of the system without reference to the authority or review of the Civil Service Commission.

(3) The advantages of requesting amendment to the Civil Service Retirement Act would lie in the fact that advantage could be taken of the existing framework which could be modified only to the extent which the Agency desired. The individual mechanics of such items as "annuities to survivors," "return of deposits," "reduced annuities" would not have to be spelled out as they would if an entire retirement system were adopted.

(4) The advantages of an amendment to the Civil Service Retirement Act appear to outweigh those of a CIA retirement act principally on the basis of simplicity of application.

4. What factors should be considered in computing retirement benefits?

a. In pursuing the thought expressed in paragraph 2 above that compensation by way of retirement benefits for hazardous duty did not appear to be feasible, it should not, therefore, be used in the computation of retirement benefits. The following factors merit consideration as the basis for computing retirement benefits:

- (1) Total length of service.
- (2) Length of service overseas.
- (3) Length of service overseas at an unhealthful post or posts, as designated by the President under the provisions of Section 853 of the Foreign Service Act of 1946.
- (4) Age.

5. What weight should be given to applicable factors?

a. Obviously the details to which the mechanics of the adopted system should extend would depend on whether the legislation would take the form of:

- (1) a CIA retirement act, or
- (2) an amendment to the Civil Service Retirement Act.

This discussion is not intended to outline in detail all the provisions of a separate CIA system but will confine itself to the suggested weights which might be applied to the various factors which might effect retirement.

b. If there is validity in the idea that certain CIA employees who are engaged in activities which require qualifications found to a lesser degree in persons over 50, it would seem that using the minimum voluntary age of 60 (as prescribed by the Civil Service Retirement Act) as a basis, credit could be given on applicable factors to progressively reduce this age requirement to a point not less than age 55. Further using the 30 year minimum length of service requirement of the Civil Service Retirement Act as a basis, credit could be given on applicable factors to reduce the requirement to 25 or even 20 years service. Following is a suggested table of weights to achieve the above requirements:

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For each year of service overseas - 18 months creditable service  
For each year at an unhealthy post - 2 years creditable service  
For each year of service overseas - 6 months credit toward  
reducing the voluntary retirement age  
For each year of service at an unhealthy post - 8 months credit  
toward reducing the voluntary retirement age

c. The application of such a table of weights would result in a much more conservative retirement system than enjoyed by either Foreign Service Officers or federal personnel engaged in the investigation and apprehension of criminals, e.g., FBI Agents.

CONCLUSIONS

1. Arguments establishing justification for a liberalized retirement system for CIA employees engaged in certain types of activities are sufficiently conclusive to warrant a request for legislation.

2. A liberalized retirement system as a means of compensation to CIA employees for unusual working conditions is feasible providing that in acquiring such benefits the recipients are not disqualified in any way from receiving compensatory benefits which now accrue to them for duty overseas.

3. The proposed legislation should take the form of a request to amend the Civil Service Retirement Act.

4. "Hazardous duty" should not be considered in itself as a retirement benefit factor but should be used in justifying the use of other factors which might be more practically applicable. Age, total length of service, length of service overseas, and length of service at an unhealthy post should be considered as practical factors for computing retirement benefits.

5. Practical conservative weight standards can be applied to the factors which might qualify CIA employees for special retirement benefits.

RECOMMENDATIONS

1. That the CIA Career Service Board approve the conclusions and secure DCI approval.

2. That the Office of the General Counsel be requested to prepare legislation.

3. That the Assistant Director of Personnel be requested to prepare appropriate justification and supporting data.

4. That the Deputy Director (Administration) be requested to assume all responsibility for action.

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Approved For Release 2002/05/20 : CIA-RDP79-00434A000100130001-5

1 October 1953

MEMORANDUM FOR: The Director of Central Intelligence  
SUBJECT: Personnel Reserve for the Central Intelligence Agency

1. PROBLEM

To examine factors relative to the establishment of a Personnel Reserve in the Central Intelligence Agency. E

2. FACTS BEARING ON THE PROBLEM

Personnel reserve organizations have proved effective in augmenting the Military, Public Health, and Foreign Service by providing trained forces immediately available during initial periods and for duration of a national emergency.

To provide for an effective personnel reserve, it is essential that an agency have prior claim to the services of the reservist.

Training is an essential part of a reserve program.

Regular employment reinstatement rights should be available to the reservist to the maximum extent possible.

Remuneration of the reservist provides some incentive in any mutual agreement between a reservist and the active organization of which he is a part.

Sources for organization of a CIA reserve can be found in employee listings of predecessor organizations, separates in good standing of this Agency, and by direct recruitment.

3. DISCUSSION

In consideration of legislation that may be required to establish a Personnel Reserve for the Agency, study of "An Outline Plan for a Central Intelligence Agency Personnel Reserve" \*(TAB A - which is an adaptation of the Coast Guard Plan) develops certain factors requiring further discussion:

\* This plan outline has been developed for discussion purposes only. No recommendations are made on the merits, demerits or completeness of the plan.

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a. Intent to Serve

In consideration of trends in the development of the Agency career service program which avoid statutory obligations on the career member to serve in any post as may be required, it appears illogical to erect statutory obligations which are applicable only to a reserve component of this career service.

b. Exemption from Military Training and Draft

Lacking statutory precedent for blanket exemption from military training and draft for employees of civil organizations, government and non-government, it appears undesirable to consider legislation on this point for a reserve. Rather, it is considered desirable to extend present Agency agreements with the Selective Service concerning draft deferment for personnel assigned overseas, and with the Defense activity which provides for a 16-week program of equivalent military training - making both of these applicable to reservist employees when on active duty.

c. Reservist Regular Employment Reinstatement Rights

Precedent exists in statute establishing reserves in the military and in the Foreign Service which provides for restoration of positions held by reservists in various agencies of the United States Government or of the District of Columbia when ordered to duty subject to prior agreement or release for that duty by the agency heads in question. As regards reinstatement rights in non-government positions, no precedent other than that established under the Selective Training and Service Act of 1940 is available. To attempt to obtain such far-reaching benefits for reservists coming from civil employment (i.e., industry, etc.) is without precedent. This is a matter which would require detailed study by the General Counsel prior to its inclusion in any legislation on the subject of a reserve for this Agency. (TAB B - Excerpts from Statutes Providing for Employment Reinstatement).

d. Authority to Train

Present CIA legislation provides authority for employee training.

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e. Pay for Reservists

The plan (TAB A) for establishment of a CIA Personnel reserve assumes that a reservist shall be brought to active duty on a scheduled basis. As such the reservist is, then, in fact, an employee of the Agency and it follows that this Agency has authority for payment of the reservist's salary as an employee of the Agency. TAB C contains some estimates on costs chargeable directly to a reserve.

Consideration of security clearances as a problem in administration of a personnel reserve has developed that it is one largely of additional cost due to an increase of the number of investigations that must be made to assure valid security clearances for each reservist employee. Continuing costs for this investigatory procedure are estimated in TAB C "Cost Estimates Directly Chargeable to Administration of a CIA Personnel Reserve". Provision of an adequate staff and funds to process reserve clearances on an annual or periodic basis is the answer to this problem.

Handling of security information in a reserve training program at the same time avoiding compromise of current operations, and, providing material of value to the reservist and the Agency, is interlocked with the form and organization of the reserve training program. A first premise in avoiding such compromise is that the reserve trainee should not be given on-the-job type training in certain components of the Agency. In other components on-the-job training is clearly appropriate. Considering these facts in a very general sense, a reserve training program appears entirely feasible provided the reservists are handled on a scheduled basis in courses carefully controlled and approved as to course content. TAB D - "Comments on a Reserve Training Program" provides further amplification of this.

Assignments in this Agency for reservists of other services are a problem which must be considered in the establishment of a CIA reserve. This is considered essential in view of the many well-qualified reservists of other services currently employed in the Agency or others who might be interested in serving the Agency during a national emergency but who probably could not be interested in a CIA reserve if required to give up their military or other reserve commission giving certain retirement benefits. The assignment of reservists of other services to this Agency is probably a problem for negotiation in each case between the Agency and those services in question, including reimbursement for all costs and salary incident to maintenance of a reservist contract.

Review of the sources for obtaining CIA reserve membership indicates that there are an estimated  cases of individuals who were employees of predecessor organizations, and an estimated  cases of individuals who have been separated from this Agency under honorable conditions. Of these cases, many may prefer to maintain reserve membership in other organizations in order to preserve retirement benefits, etc.

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4. CONCLUSIONS

It is concluded that a personnel reserve organization is desirable in order to insure orderly and effective augmentation of the Agency during initial periods and duration of a national emergency.

It is concluded that the Director of the Central Intelligence Agency has authority under existing law to train reservists on active duty and to obligate funds for that training. No legislation is required for this purpose.

Establishment of a prior claim by the Agency to a reservist employee's services is largely a matter of mutual agreement between the reservist, his employer, the military service where the individual is a member of a reserve in that service, and the Agency.

Administrative procedures affecting military draft and equivalent military training of employees should be made applicable to reservists on active duty.

Regular employment reinstatement rights for the reservist are desirable. No precedent in statute providing such rights exist other than that for United States Government employees. To insure reemployment rights for reservists who are employees of the United States Government and of the District of Columbia, legislation is recommended.

Maintenance of security clearances on reservist employees constitutes no problem other than approval by appropriate authority of an adequate staff and funds to care for the investigatory work which is chargeable to maintenance of security clearances.

Identifying reservists as employees in the pay of this Agency should not be construed to prevent any member of the reserve solely by reason of membership therein from practicing his civilian profession on occasion before or in connection with any department of the Federal government or the District of Columbia. This statement of reserve employee rights is a matter which may require legislation depending on the nature of the contract. It is suggested that this matter be studied in detail by the General Counsel.

5. ACTION RECOMMENDED

a. That the CIA Career Service Board approve the above conclusions and secure approval by the Director of the Central Intelligence Agency.

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b. That the Office of the General Counsel be requested to prepare appropriate legislation.

c. That the Office of the Assistant Director (Personnel) be requested to prepare appropriate justifications, supporting data, and appropriate regulations to effect this reserve program.

d. That the Deputy Director (Administration) be requested to assume over-all responsibility for action.

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~~TAB "A"~~

AN OUTLINE PLAN FOR CIA PERSONNEL RESERVE

Purpose and Administrations

The CIA reserve is a component part of CIA for the purpose of providing a trained force of individuals which, added to the force in the regular career service, will be adequate to enable the Agency to perform its functions and duties during initial stages of national emergency and for the duration of that emergency. The reserve shall be administered by the Personnel Director under such regulations as the Director may prescribe.

Eligibility

The CIA reserve shall be composed of citizens of the United States and of its territories and possessions who are physically and otherwise qualified for performance of duty, and who, through acceptance of a reserve appointment, indicate their intent when called to serve the Agency during any period of national emergency or war declared by the Congress or the President to exist, and such training duty as may be required.

Term, Duty and Training

The term of appointment in the CIA reserve shall be for a period of 5 years. In event of national emergency or war declared by the Congress or the President to exist, all members of the reserve shall indicate their intent to serve on active duty for the duration of that emergency.

In times other than national emergency, members of the reserve shall agree to scheduled periods of training with pay as authorized by the Director. The Director may release any member of the reserve from active duty at any time. When performing authorized training the reservist may be furnished with transportation to and from such duty with subsistence and transfers en route and during the performance of such duty with subsistence in kind or commutation thereof, which rates to be fixed by the Director.

Pay Grades, Allowances, Authority and Other Benefits

Pay grades of reserve members shall be the various grades applying to regular members of the career service established on basis of review of reservist qualifications by a Reserve Selection Panel.

Members of the reserve while engaged on active duty shall have the same authority rights and privileges of regular members of the career service.

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Members of the reserve on active duty who suffer sickness, disease, disability or death shall be entitled to the same benefits as prescribed by law.

Personnel of the reserve may be allowed the cost of training equipment or material as prescribed by the Director to be essential to the conduct of an adequate reserve training program.

Exemption from Military Training and Draft

Members of the CIA reserve shall be entitled when on active duty to benefits of administrative procedures applicable to Agency career employees in effecting draft deferment or equivalent military training.

Security and Other Obligations

All members of CIA reserve when engaged on active duty or on authorized travel to and from such duty for training prescribed by the Director shall be subject to regulations and orders governing the administration of Agency affairs, including the provision that reservists shall be subject to security regulations at all times, record of which shall be an agreement and oath by the reservist accepting these security obligations.

Employment

No existing Agency regulation should be construed to prevent any member of the reserve solely by reason of membership therein from practicing his civilian profession or occupation before or in connection with any department of Federal government or the District of Columbia, provided that acceptance of employment or practice of civilian profession in connection with any foreign government shall receive prior approval by the Director of the Central Intelligence Agency.

Reinstatement

All members of the reserve who are in the employ of the United States government or the District of Columbia, who, by prior agreement with the appropriate agency, come to duty under the reserve shall be restored to positions held by them when coming to that duty.

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Excerpts from Statutes Providing for Employee Reinstatement

1. The Foreign Service Act of 1946 - Public Law 724

Sec. 528. Reinstatement of Reserve Officers

"Upon the termination of the assignment of a Reserve Officer assigned from any Government agency, such person shall be entitled to reinstatement in the Government agency by which he is regularly employed in the same position he occupied at the time of assignment, or in a corresponding or higher position. Upon reinstatement he shall receive the within-grade salary advancement he would have been entitled to receive had he remained in the position in which he is regularly employed under subsection (d), section 7, of the Classification Act of 1923, as amended, or any corresponding provision of law applicable to the position in which he is serving. A certificate of the Secretary that such person has met the standards required for the efficient conduct of the work the Foreign Service shall satisfy any requirements as to the holding of minimum ratings as a prerequisite to the receipt of such salary advancements."

2. Public Law 207 - 81st Congress - COAST GUARD

Title 14, Part II - Coast Guard Reserve and Auxiliary

Sec. 761 Engaging in Civil Occupation; Leave and Training Duty

" . . . . All members of the reserve who are in the employ of the United States government or the District of Columbia who are ordered to duty by proper authority shall, when relieved from duty, be restored to the positions held by them when ordered to duty."

3. Selective Training & Service Act of 1940

Ch. 720, 54 Stat. 885, as reported  
in U. S. Code, 1946 Ed., Title 50

Sec. 308 App.

"a. Any person inducted into the land or naval forces under this act for training and service, who, in the judgment of those in authority completes his period of training and service shall be entitled to a certificate to that effect" \* \* \*.

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"b. In the case of any such person who, in order to perform such training and service has left or leaves a position, other than a temporary position in the employ of any employer and (1) who receives such certificate, (2) is qualified to perform the duties of such position, and (3) makes application for reemployment within 90 days after he is relieved from such training and service or hospitalization continuing after discharge for a period of not more than one year -

"(a) If such position was in the employ of the U. S. government, its territories or possessions, or the District of Columbia, such person shall be restored to such position or to a position of like seniority and pay;

"(b) If such position was in the employ of a private employer, such employer shall restore such person to such position or to a position of like seniority status and pay unless the employer's circumstances have so changed as to make it impossible or unreasonable to do so;

"(c) If such position was in the employ of any state or political subdivision thereof, it is hereby declared to be the sense of the Congress that such person should be restored to such position of like seniority, status and pay.

"c. Any person who is restored to a position in accordance with the provisions of Para (a) or (b) of subsection b, shall be considered as having been on furlough or leave of absence during his period of training and service in the land or naval forces, shall be so restored without loss of seniority, shall be entitled to participate in insurance or other benefits offered by the employer pursuant to established rules and practices relating to employees on furlough or leave of absence in effect with the employer at the time such person was inducted into such forces, and shall not be discharged from such position without cause within one year after restoration.

\* \* \* \* \*

"NOTE: Sec. 1 of the Act of June 1946 provided "that all of the provisions of the Selective Training and Service act of 1940, as amended, are hereby expressly reenacted, except those provisions which are hereinafter amended or repealed (Sec. 303, 305, and 316 of U. S. Code 1946 Edition, Title 50, WAR, Appendix). Sec. 308, above, therefore was reenacted in June 1946."

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Comments on a Reserve Training Program

Review of factors affecting training under a reserve program reveals that such a training program is feasible provided that it is handled on a scheduled basis carefully administered and controlled as to approved course content to insure:

(a) That information provided for the reservist is of value and controlled on a true need-to-know basis.

(b) That reserve training operations be confined to approved locations.

(c) That any plans for active employment of the reservist during training shall be controlled in a manner insuring against unprofitable shopping around the Agency, a procedure providing limited training for the reservist and of questionable value to the Agency as regards security of operations.

An example of profitable on-the-job reserve training can be cited in the case of a support function such as Communications where it appears feasible and desirable that communications reservists, after appropriate indoctrination, can participate in actual communications problems simulating operations. This type of on-the-job training is not limited to the reserve training period but can be extended to communications operations problems on a continuing basis where the reservist volunteers for such a program.

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Approved For Release 2002/05/20 : CIA-RDP79-00434A000100130001-5

9 October 1953

MEMORANDUM FOR: Director of Central Intelligence

SUBJECT : Restrictions and Obligations on CIA Careerists

1. PROBLEM:

Should similar restrictions and obligations be placed on CIA Career employees and should there be statutory recognition of them?

Note: This paper represents the opinions, conclusions, and recommendations of a majority of the Task Force. While there has been substantial agreement on some aspects, no single statement should be taken to represent the views of all members of the Task Force. F

2. FACTS BEARING ON THE PROBLEM:

a. As a matter of legal concept, employees of Government agencies are subject to the proper regulations of an agency on the theory that such regulations are part of their employment contract.

b. Employees of CIA are subject, in widely varying degrees, to an obligation to serve CIA at any place on an on-call basis as the needs of the service dictate.

c. Today there is no obligation placed on an employee of CIA that he will make a career of his service in the Agency. There are being secured, in certain cases, statements of intent which may modify the above to the extent that there is some kind of moral obligation created.

3. DISCUSSION:

a. The attached Tab A includes a listing of sample restrictions and proposed obligations which are considered pertinent for policy decision and possible inclusion in legislation.

(1) The matter of an individual assuming an obligation as a careerist to serve anywhere, any time, and for any type of duty, is one which goes to the heart of the Career Service concept. The attached tab relates each principle involved to the stated concept of the CIA Career Service.

(2) The security obligations tie our present regulations more effectively into the statutory responsibility of the Director of Central Intelligence to protect intelligence sources and methods. The discussion in Tab A indicates that in fact most of the restrictions in this field are in effect but statutory recognition would lend some strength. Further it would illustrate the peculiar and unique situations in which a CIA careerist must expect to live and conduct his personal life.

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(3) The general statement concerning submission of resignations for consideration by the DCI serves to foster the concept of a careerist devoting himself permanently to the needs of the intelligence service. The more detailed discussion also illustrates the useful by-product of this situation wherein a more orderly system of considering resignations would save many potentially useful assets to the service.

(4) The general restrictions relating to prohibitions on activities while abroad are substantially similar to some of those contained in the Foreign Service Act of 1946. They are considered useful in legislation only as a part of the over-all picture. It is considered that offering restrictions of this type could be extremely dangerous since hasty action in the Congress could impose an impossible condition based on a particular Congressman's lack of knowledge of the true nature of CIA activities.

b. The answer to the question of whether legislation is necessary will depend on the definition of "necessary." In the context of whether or not CIA would be prevented by lack of legislation from performing its functions, the answer would be "no." If, however, in the context of whether in the long run such legislation would assist in developing a highly qualified professional intelligence service thereby improving the end product--namely, intelligence--then the answer would be "yes."

c. It is also agreed that to apply the "essential" standard to each item would result in a "no." However, by the same token if you applied the question of essentiality to an individual brick in the wall of a house, the answer again would be "no." It is believed, therefore, that this is a type of situation where the entire package must be considered. For this purpose we must go beyond the subject of this study. If we are to have Career Service legislation, obligations are an essential part of the picture and the various parts are mutually supporting and dependent. The entire bill, establishing obligations, granting benefits, and creating a concept of a long range career service fosters the growth of tradition and "esprit de corps." To many, a "CIA Career Service Act of 1954" would be something tangible to which one could look in way of "what does the Career Service Program mean to me?" The obligations part of such an Act would make more clear to the various employees some of the obligations which they in fact accept now. It can be argued on the other hand that these obligations legally can be imposed by administrative action. Therefore, if the Agency were to adopt the principles as policy and put them into the regulatory system, they would be as firmly binding as other conditions of employment.

d. If CIA believes that its Career Service should demand of its people that they accept the above obligations, it should tell the Congress of the United States what it expects of its people. This is particularly so if we request the Congress to confer additional privileges which are not available to the normal Civil Service employee. In this manner we not only explain why the Agency believes it needs such authorization but also clarify to the careerist himself what is expected of him.

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e. The actual task of translating any specific restrictions and obligations into proposed legislation should be done with painstaking care. Such language should be completely responsive to what CIA determines it should be able to expect and demand of its career employees. There will be no immediate additional costs to CIA by virtue of the enactment of legislation on this subject. On the contrary it is believed statutory recognition of certain of these principles combined with the other aspects of career legislation will in the long run save costs. Such savings would come through decreased turnover and consequently decreased necessity for training other people.

4. CONCLUSIONS:

a. Statutory recognition of Career Service lends dignity and substance to the particular career service to which it relates, fostering a growth of tradition and "esprit de corps."

b. There should be statutory recognition of the concept that obligations are placed on CIA career employees.

c. Statutory recognition of that concept should only be a part of an over-all legislative proposal on the subject of Career Service.

d. All CIA career employees should be subject to similar fundamental obligations and each employee should be made aware of his specific obligations.

e. Certain of the specific obligations which could be accorded statutory recognition are set forth in Tab A.

f. Restrictions of the type included in Tab A should not be offered in a legislative proposal, but should be studied carefully in order to be prepared if appropriate agencies, including the Congress, demand precautionary provisions in the package bill.

5. RECOMMENDATIONS:

a. In view of the fact that there are differing views on this general subject, it is urged that the CIA Career Service Board give careful consideration to the discussions and conclusions with a view of arriving at its own conclusions or in the alternative the Board may wish to have this matter studied further.

b. That the policy inherent in the conclusions be approved by the CIA Career Service Board with the consideration of the necessity or desirability of legislation on the subject.

c. That the CIA Career Service Board approve the conclusions and forward to the DCI for approval.

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d. If the above is accomplished and if it is determined that there is to be a general Career Service Law, then:

(1) The Office of the General Counsel be directed to prepare appropriate legislation.

(2) The Office of the Assistant Director (Personnel) be directed to prepare appropriate justification.

(3) The Deputy Director (Administration) be requested to assume responsibility for action.

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TAB A

DISCUSSION OF SPECIFIC RESTRICTIONS AND OBLIGATIONS

1. At the recent meeting of the CIA Career Service Board there was considered the preliminary report of the Legislative Task Force, dated 13 August 1953. From the discussion it is believed we have to assume that the Career Service Board adopted a concept of the CIA Career Service which was stated in the preliminary report as follows:

"The Career Service is a group of dedicated people, carefully selected and extensively trained, who accept an obligation to devote themselves permanently to the needs of the intelligence service of the U. S. Government in return for which they would receive the satisfaction of a job well done and such emoluments and benefits as are appropriate to such a service including the expectancy of a permanent career in CIA."

2. "A CIA Career Employee accepts the obligation to serve any place in the world and at any time and, for any kind of duty as determined by the needs of CIA."

This provision is responsive to the career concept quoted above that the Career Service is a group of people who accept obligations to devote themselves to the needs of the intelligence service.

a. This concept has the additional advantage of making it clear that CIA is applying one standard of obligations to its Career Service people. By doing so there results a concept of one group of CIA career people as opposed to two or more groups of specialists within CIA.

b. The application of a single standard of obligations to all careerists will create additional flexibility in the utilization of manpower. When a need arises for an individual at a particular spot, the determination of what individual will serve will be determined on the basis of the best qualified man and the relative priorities of tasks, rather than the basis of availability and the necessity for further determining what the individual's personal preferences might be. Good administration, of course, would dictate that personal preferences as to posts of assignment be taken into consideration in determining specific assignments. However, the primary consideration at all times should and must be the needs of the service.

c. In a concept of this type, CIA at this time must take into account the many employees who were brought on duty to fill a specific departmental job and who in many cases indicated in various personnel documents that they would accept appointment only for duty in Washington. Those persons could be considered

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## TAB A

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as being exempt from the obligation of serving elsewhere in the world. In the meantime, all incoming personnel who desire to become careerists would be requested to accept in full the obligations to be established by CIA. In similar manner, it is contemplated there will be specific personnel situations or even small groups of people who are brought into the Agency to fill specific short-term needs. While those employees would be afforded full benefits which staff employees at the present time enjoy, they would not be considered either by themselves or by the Agency as careerists. At the present time CIA regulations provide that all staff employees, per se, are career employees. Obviously, the regulation does not reflect the true situation. There are specific cases where individuals are employed by CIA while on leave of absence from private concerns with a definite view in mind of returning after a term of service, for example, two years. Under the proposed concept, he would enjoy the same staff-employee benefits, but there would be true recognition that he was not a part of the career program. It is hoped that exceptions of this type would be relatively few, but sufficient flexibility should be maintained in order to accommodate the needs of the Agency.

3. "CIA employees are subject to duly authorized security regulations relating to the responsibility of the Director of Central Intelligence for protection of intelligence sources and methods from unauthorized disclosure."

FOIA B5 This too is responsive to the concept of a group of dedicated people accepting an obligation to devote themselves to the needs of the intelligence service.

b. In connection with this particular provision there should be accorded recognition of the present restrictions which actually do surround the average employee of CIA which are not normally present in any other Government agency. Anonymity is the price many professionals must pay as a career employee of CIA. The lawyer, the researcher, the analyst and others cannot as a matter of general privilege in common with their brethren, from time to time participate in meetings of the various professional societies nor can they produce for publication the cumulative results of their life's work. There are additional restrictions on the personal life of every CIA employee which touch the fields of corresponding with friends, securing credit, and after-hours vocations.

4. "The CIA Career employee contemplating departure from the service shall be required to submit a resignation through channels prescribed by the Director of Central Intelligence."

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This provision relates to the concept of career people devoting themselves permanently to the needs of the intelligence services. The wording of this provision as well as the intent is not that the individual should be restricted in his freedom to resign when he believes it necessary or desirable. It is the intent of this provision that it state an objective of CIA establishing a Career Service to which as many of the employees as possible would devote their careers. This provision requires no legislation to put it into effect. Any legislative expression of the intent here would be confined to a statement of the objective as indicated above.

a. The assertion of such a principle in statute can go far toward establishing a tradition of lifetime service in CIA. Any Career Service is more than the words of the laws and regulations creating it. There are intangible factors and traditions coupled with the actuality of lifetime service which are of great importance.

b. It is believed that this type of provision produces a very useful by-product. In prescribing the channels for submitting resignations, the DCI presumably would establish either a board or a central point. This would assist the present machinery designed to insure orderly consideration of all resignations from the service.

5. It has been suggested that in considering any over-all legislation relating to Career Service, CIA should incorporate certain prohibitions directed at activities of employees. The Foreign Service Act of 1946 provides certain examples. After careful consideration on the subject of restrictions, it is believed that it would be undesirable to incorporate in any Career Service legislation suggestions for statutory restrictions. The principal concern here is that such restrictions would quite possibly suggest others of a type which might seriously damage the Agency program. Experience with the Congress indicates that situations of this type can occur. However, it is believed that careful study be given to various restrictions that might be suggested for inclusion in order that the Agency might be prepared to accept those which did not impair its functions. Suggestions of such restrictions are listed below and have been taken from the Foreign Service Act and paraphrased to meet CIA purposes. Some of them may not be well adapted for CIA, but in any event this group is not advocating these particular examples since no serious discussions have been given to the merit of the specific provisions.

"a. An officer or employee of CIA shall not wear any uniform except such as may be authorized by law, or such as a military command may require civilians to wear in a theater of military operations, or as may be authorized by the Director.

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b. An officer or employee of CIA shall not ask nor, except as authorized by the Director, receive for himself or any other person, any present, emolument, pecuniary favor, office, or title from any foreign government.

c. An officer or employee of CIA shall not transact or be interested in any business nor engage for profit in any profession in the country to which he is assigned abroad in his own name, or in the name of the Agency, or any other person, except as authorized by the Director.

d. An officer or employee of CIA shall not correspond in regard to the public affairs of any foreign government except with the proper officers of the United States or as authorized by the Director.

e. An officer or employee of CIA shall not recommend any person for employment in any position of trust or profit under the government of a country to which he is assigned abroad, except as authorized by the Director.

f. In carrying out the provisions of this Act or any other Act relating to CIA, no political test shall be required and none shall be taken into consideration, nor shall there be any discrimination against any person on account of race, creed, color, or sex."

6. The above would serve another useful purpose in fostering Career Service concept.

a. With the above obligations either on the statute books in a CIA Career Service Act or adopted as policy in Agency regulations great weight would be given to the acceptance by an individual of those conditions. The individual having met very strenuous qualifications and having satisfactorily completed a provisional period would tend to feel more seriously about the acceptance of obligations and having done so would also feel a great sense of accomplishment and responsibility to fulfill his obligations.

b. With respect to certain of the obligations, it is true that they are not enforced by penalties in the nature of financial forfeitures. However, in those particular situations it is not believed desirable that there should be such penalties.

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TAB B

DISCUSSION OF THE NECESSITY FOR LEGISLATION

1. It is true that many of the restrictions and obligations do in fact exist. However, the application of these restrictions and obligations is different in various components of the Agency and within a single component they are applied in differing ways to various people, e.g. the obligation to serve abroad is applied throughout the Agency in widely divergent ways. In part, this is based on the fact that many people were hired for departmental jobs with no indication that overseas service would be involved. In other situations the job functions themselves do not lend themselves to utilization of individual services elsewhere but in the departmental area.

2. Since it is our desire to create and foster a concept of unified CIA Career Service, the uniform application of restrictions and obligations is desirable insofar as possible. While to some extent this standard application could be accomplished administratively, it is believed that the statutory requirement for the acceptance of obligations as a condition precedent to acceptance as a CIA Career Employee, lends dignity and stature to the Career Service concept.

a. At the present time many employees of CIA hear about Career Service but it is an intangible thing apparently not affecting them personally. The statutory recognition of obligations would be extremely meaningful to CIA employees, and would be something tangible to illustrate that there is in fact a Career Service which extends both benefits and demands acceptance of responsibilities.

3. With respect to any specific restriction or obligation, it is not asserted that statutory authority is required to place the provision in effect. However, the same can be said for any one brick in a house. No one brick is essential but put together they establish a useful structure designed to serve a specific purpose.

a. If the matter of restrictions and obligations was the only item to be considered, again it could not be asserted that legislation was essential. However, if there is to be considered in any respect, legislation asking for certain benefits or any type of Career Service legislation, it is believed desirable that the obligations phase be included. In and of themselves, obligations support other parts of any proposed legislation for benefits and serve to clarify the need for the other items. In short the restrictions and obligations are a part of the justification for over-all legislation.

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1. October 1953

TO: Director of Central Intelligence  
FROM: Legislative Task Force  
SUBJECT: Tenure, Job Security and Reduction in Force

1. PROBLEM: To determine whether additional legislation is required by the Agency with respect to establishing the tenure and job security of career employees and to conducting necessary reductions in force.

2. ASSUMPTIONS:

a. It is the Agency's objective to develop and maintain a group of dedicated people who are carefully selected and progressively trained, who desire to devote themselves permanently to the needs of the intelligence service of the U. S. Government, who enjoy the satisfaction of a job well done, who look forward to the emoluments and benefits appropriate to such service, and who have the expectancy of a permanent career in CIA.

b. Career employees of the Agency will not be affected by reductions in force until all practicable reductions have been accomplished among other categories of personnel.

FOIA B5 c. Such external review of the Agency's personnel activities as would reveal intelligence methods and sources is undesirable.

3. FACTS BEARING ON THE PROBLEM:

a. The size of certain career organizations in the Federal structure (for example, military services, Foreign Service, and permanent civil service employees) is periodically established by legislative limitations.

25X1A b. Agency Regulation  paragraph 2a(1) states that "the size of this career staff (i.e., the CIA career staff) will be determined by the long range needs of the Agency rather than by its more variable temporary requirements."

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c. The provisions of the Veterans Preference Act and its implementing procedures apply to personnel activities of the Agency.

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4. DISCUSSION:

a. "Tenure" has been considered to mean an employee's expectancy of a long term career in the Agency. This expectancy should be limited only by the possibility of:

- (1) Resignation or death of the individual;
- (2) Failure on the part of the individual to meet Agency requirements for performance, conduct, security or health; or
- (3) A necessary reduction in force.

The concept of tenure and job security is inconsistent with frequent fluctuations in the size of career group, since they depend in large part upon the extent to which the size of that career group conforms to the long range needs of the organization at any given time.

b. Although the size of career organizations in the Federal structure is sometimes established by legislative action, such action requires Congressional review of the manpower plans and requirements of the organization and permits the possible introduction of political considerations in such determinations. Further, since any change in the maximum limitation established by statute must be effected by amendment of the statute, the heads of such career organizations have no latitude with respect to increasing the stated limitation without submitting appropriate justification for Congressional review. The undesirability of submitting Agency manpower plans and requirements to Congressional and public scrutiny would seem to offset any advantage which might be gained through the establishment of statutory limitations on the size of the Agency's career staff.

c. The Agency's objective of retaining dedicated career employees would not be served by policies which would retain any individual who lacks an active personal interest in an Agency career. Nor would this objective be served if separations of career employees were arbitrary or frivolous. The continued association of a career employee with the Agency is of advantage both to the Agency and to the individual. A decision to terminate this association should be of at least as great importance as a decision to establish such a relationship. Therefore, it should be reached only after careful consideration of all pertinent facts both by the Agency and by the

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individual concerned. The decision to terminate a career employee should be made by a central authority established to make such decisions or by the Director.

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d. It follows that internal control is necessary to insure, at the Agency level, that all pertinent facts have been impartially considered before a decision to separate a career employee is made. It has been argued that such controls are restrictive and burdensome to operating officials by requiring them to justify their separation proposals to the satisfaction of a central Agency authority. Nonetheless such controls are essential in a career service. It should not be "easy" to separate a career employee. The Agency's policies and procedures for the separation of employees have been consolidated and recently coordinated throughout the Agency. Although the right of veteran preference employees to appeal separations to the Civil Service Commission conflicts with the general principle expressed in Assumption 2c above, experience indicates that undesirable disclosure of intelligence sources and methods can be avoided through exercise of the Director's special authority. (see Tab A)

e. The special status accorded veteran preference employees in reductions in force is in some conflict with a merit concept. (see Tab B)

f. It would be unsound for the Agency to propose legislation to amend the Veterans Preference Act as it relates to reduction in force and appeals for the following reasons:

(1) The limitations imposed by the Act do not seriously interfere with Agency operations;

(2) It would be extremely difficult, if not impossible, to present justification which would withstand Congressional and public scrutiny without disclosure of clandestine activities; and,

(3) It is improbable that any such request would be favorably received in view of current political considerations as they might be expected to influence the Administration, the Congress, and the public.

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5. CONCLUSIONS:

- a. Legislative action to establish maximum limitations on the size of the career staff is neither necessary nor desirable. Such limitations should be administratively imposed by the Director.
- b. The Agency's Regulations governing separations are adequate for all types of separations except reduction in force and do not require additional legislation for effective implementation.
- c. The Agency should not seek legislative exemption from the Veterans Preference Act, however the Agency's Regulations governing separations should be extended to include procedures for reduction in force in accordance with the requirements of the Veterans Preference Act.

6. RECOMMENDATIONS: It is recommended that:

- a. The CIA Career Service Board approve the above conclusions and secure DCI approval.
- b. The Deputy Director (Administration) be requested to:
  - (1) Develop procedures for reduction in force in accordance with the requirements of the Veterans Preference Act.
  - (2) Prepare recommendations concerning the appropriate size of the career staff for review by the CIA Career Service Board.

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Outside Appeals

1. The Veterans Preference Act establishes the right of Agency employees with veteran preference to appeal separation actions to the U. S. Civil Service Commission. This right conflicts with the principle that external review of the Agency's personnel activities is undesirable. Although the Director's special authority might be used to avoid the possibility of external review of all separation actions, it has been the practice of the Director to employ this special authority only in those cases involving sensitive information and in certain cases involving personal misconduct or indiscretion. It appears that this practice has been satisfactory in avoiding undesirable disclosure of information through employee appeals outside the Agency.

2. The Agency has not yet used reduction in force procedures as prescribed by the Veterans Preference Act, although it has encountered reduction in force problems, some of them severe, in certain units. Those separation cases which have offered the possibility of appeal to the Civil Service Commission have involved consideration only of the employee's performance in his position or his conduct. Appeals from reduction in force actions are not concerned solely with a particular individual but may involve information concerning other employees and a range of Agency activities. Although selective use of the Director's special authority, as described above, would solve the outside appeal problem in reduction in force actions, the citation of this authority might reflect unfavorably upon the individual so separated. Nevertheless, it would seem that the need to protect sensitive information must be given primary consideration.

Tab A

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Reduction in Force

1. The special status accorded veteran preference employees in reduction in force would be in some conflict with a merit system in this Agency or in any other organization. However, it must be recognized that veterans preference was given in recognition of the Nation's obligation to these individuals. It was not designed to further the effectiveness of Government operations. Briefly, the Veterans Preference Act provides that individuals who have performed active military service in certain emergency periods and certain members of their immediate families (widows, dependent mothers, or wives of seriously disabled veterans) will be granted special consideration in reduction in force. The rulings of the Civil Service Commission which administers the Act have the force of law and are binding on CIA. This consideration extends to a prohibition against the retention of a non-veteran preference employee in any position for which the veteran preference employee is qualified, unless it can be demonstrated to the satisfaction of the Civil Service Commission that the retention of the non-veteran is justified on the basis of the "efficiency of the service".

2. Reduction in force regulations under the Veterans Preference Act provide that employees will compete for retention within groups established by the Agency in consideration of geographic and organizational factors as well as by occupation and grade. The manner in which the Agency established retention groups would be subject to review by the Civil Service Commission in connection with its consideration of individual appeals.

Tab B

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8 October 1953

MEMORANDUM FOR: Director of Central Intelligence

SUBJECT : Legislative Provisions for the Organization  
and Structure of Career Service in CIA

1. PROBLEM

To determine what legislative provisions should be sought concerning the structure of the CIA Career Staff and the organization of the CIA Career Service Program.

Note: While the Task Force as a whole supports the general tenor of the conclusions of this study, individual members do not necessarily concur in the various arguments supporting those conclusions.

2. FACTS BEARING ON THE PROBLEM

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a. CIA Regulation [ ] equates the Career Staff to the group of career employees in the Agency, who are defined as one of the two groups of Agency employees, the other group being temporary employees.

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b. CIA Regulation [ ] establishes the over-all policy and the organizational structure for administering the Career Service Program within CIA; it provides for the CIA Career Service Board and for component career service boards, and specifies their membership and functions.

c. Paragraph 12, Minutes of the 8th Meeting, CIA Career Service Board, records the Board's decision to appoint a legislative task force to work with the General Counsel and with the Chairman, CIA Career Service Board, "in preparing a program of legislation to be presented to the Second Session of the 83rd Congress."

d. Memorandum for Chairman, CIA Career Service Board, from its Executive Secretary, subject, "Matters Affecting a Legislative Program," dated 26 June 1953, lists eighteen topics "which should be considered in the development of a legislative program" and is presumed to be the basis of the Board's action in paragraph 12, Minutes of 8th Meeting.

e. Public Law 724 - 79th Congress, the "Foreign Service Act of 1946," states that its objectives are to "develop and strengthen the Foreign

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Service of the United States." It establishes: a short title, objectives, and definitions; governing bodies for the direction of the Service; duties of officers and employees; categories and salaries of personnel; mechanisms for appointments and assignments of various categories of personnel; administration of efficiency records, promotions, separations, and inspections; the Foreign Service Institute; the Foreign Service retirement and disability system; allowances and benefits, rules of leaves, and provisions for medical services; and, among various miscellaneous provisions, lists prohibitions on members of the Foreign Service and its employees.

3. DISCUSSION

a. The subject of this staff study is not included specifically in the list of eighteen topics in the Executive Secretary's 26 June memorandum. The Task Force agreed, however, that this matter, like certain other topics added to the list of eighteen, was too important to be neglected and properly came within the more general charge to the Task Force in paragraph 12 of the Minutes of the Career Service Board's 8th Meeting.

25X1A

b. The problem of this study seems to resolve itself most appropriately into terms of finding answers to two questions: First, is it desirable that some sort of explicit legislative recognition be given to the CIA Career Service Program? Second, what specific provisions, if any, of CIA Regulations [redacted] or what other provisions of an organizational and structural nature, should be proposed for inclusion in legislation? The Task Force considers that these questions are separable from those of the specific benefits to be sought by legislation for members of the CIA Career Staff, which are the subjects of other studies submitted by this Task Force. The question of legislative statement of specific obligations on CIA employees, though possibly important in the organization of career service, is presented in a separate study.

c. It immediately became clear that no easy answer to these questions would be forthcoming. The Task Force heard and considered thoughtful support of both affirmative and negative positions on the first question and discussed various suggestions relative to the second question.

d. On the one hand, it was argued that a career service established by law gains dignity and substance over a service that is established only in Agency regulations, and that it fosters a growth of tradition and esprit de corps. It was pointed out that, in addition to the Foreign Service, other Government career services, such as the Coast Guard and the

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Public Health Service, derive their basic terms of reference from laws, and that the Civil Service itself is founded in statute. The logical conclusion from these arguments would lead to proposals for a law that, drawing on the Foreign Service Act of 1946 for general guidance though with the knowledge that many of its provisions themselves or even its titles would not be appropriate for an intelligence service, would be somewhat similar to that act in its general tenor and characteristics. The short title, for example, might well be "The Intelligence Service Act of 1954." A section devoted to intent would have the Congress declare that the objectives of the act are first, to foster and establish an Intelligence Service composed of fully qualified people who will accept an obligation to devote themselves permanently to the needs of the Intelligence Service of the United States, and, further, to insure the attainment of such other purposes, paralleling those of the Foreign Service Act, as it seemed wise to enumerate to justify setting up by law a career service in intelligence. The separate legislative existence of the Intelligence Service would be stressed by including, in a section devoted to defining terms in shortened form, the word 'Service' for the Intelligence Service on the same level as 'Agency' for the Central Intelligence Agency, 'Director' for Director of Central Intelligence, and any other short forms it seemed well to include. A title, analogous to Title II of the Foreign Service Act on governing bodies, would outline the authority of the Director in administering the Service, and might well include the CIA Career Service Board or provide some other body analogous to the Board of the Foreign Service. A title on duties would include the obligation of members of the Intelligence Service to perform duties at any time, in any place, and under any circumstances, and list any restrictions, universally applicable to members of the Intelligence Service, that it seemed well to include to justify the special benefits later provided. Finally, in later titles devoted to retirement, medical benefits, and the like, the benefits would be stated as applicable to members of the Intelligence Service rather than to employees of CIA.

e. On the other hand, it was argued that the minimum of legislative provisions are the least encumbering to sound administration, particularly since it is not clear that the CIA Career Staff possesses the common denominator of similar backgrounds, professional skills, and interests that is conspicuous in legislatively established career services, and will therefore need less rigid and more easily alterable rules for its government. It was further argued that the experience of the State Department -- in internal administration, in public relations, and at the hands of investigating bodies -- is reason against rather than for a legislatively established career service separate from the generality of employees. Finally, it was thought that the proper encouragement for employees to make a career of service in CIA does not require the

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FOIAB5 legislative establishment of an "Intelligence Service" on the analogy of the Foreign Service or other services established by legislation. The logical conclusion from these arguments would lead to a law resembling the CIA Act of 1949 rather than the Foreign Service Act of 1946. The proposed short title would not contain the words "Intelligence Service" but would be "CIA Employee Act" or "CIA Act of 1954" or the like. If a section on intent is necessary

FOIAB5 that section would have the Congress declare that the objective of the act is to strengthen and develop the Central Intelligence Agency by providing conditions and advantages of service proportionate to special obligations necessarily assumed by employees of the Agency, and conducive to retention by the Agency of experienced employees who will make a career of intelligence service. If a way is found to include in the law provisions freeing the Director to some degree from restrictions due to Veterans' preference laws and other governmental machinery for Civil Service review, further intent might be stated to provide for prompt elimination in an equitable manner of employees who fail to perform as effective members of the Agency. There seems no reason, however, for the lengthy statement of objectives found in the Foreign Service Act. Since no "Intelligence Service" is to be set up, the word "Service" will not need to be included in the list of short forms defined, and, further, there will be no section providing for the government of the "Service". There would be no initially proposed title on duties and obligations, both because of present lack of unanimity as to just what duties and obligations apply to the entire CIA Career Staff, and because, even were there present agreement, it seems wiser to reserve the greatest possible administrative freedom for the Director to meet changing conditions. It was recognized, however, that a certain amount of bargaining room may be needed, and a minimum statement of obligations might later be introduced if discussions with Congressional committees indicated such a section as a desirable counterpart to the sections on benefits. And, finally, the later sections on benefits would make the benefits applicable to CIA employees rather than to members in, or officers and employees of, the "Intelligence Service".

f. The Task Force has finally reached the opinion that the disadvantages of a legislatively established CIA career intelligence service outweigh the advantages.

(1) It was not found that any dignity and substance gained by the legislatively established career service in the mind of the prospective employee would benefit the Agency. Much of the substance of the Foreign Service, from the point of view of the applicant, arises from

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public knowledge of its functions and public discussion of its requirements, from its system of written examinations and from the schools set up specifically for the purpose of helping applicants pass these examinations. In short, it is possible for an interested prospect to discuss the Foreign Service with its members and with his friends and to make, even before taking its examinations, a reasonably intelligent decision as to whether he wants to make it his life's work. It is doubtful whether sufficient information can be published on many CIA activities to permit reasonable life-time decision by an applicant; for it is very unlikely that the Agency will ever publicly discuss detailed desired qualifications of its members or that unclassified schools will cram for Agency examinations based on those requirements. Therefore, there would be danger that applicants drawn to the "Intelligence Service" by its legislative provisions might be largely those influenced by security of tenure --- not necessarily the best motivation for CIA. The type of employee desired could hardly be expected to make a life-time decision until toward the end of a rather long provisional period, at which time the legal provisions establishing the service will probably not be of as great moment as what he has learned of the administrative direction of the Agency and the nature of its work.

(2) It may be granted that, from the point of view of the employee of say two years standing as distinguished from the applicant there may be some initial satisfaction in belonging to a service specifically named and authorized by law. But from the Agency's point of view, the true esprit de corps will center in the Agency itself, not in an association of Agency employees, just as the spirit of a military unit, though possibly helped somewhat by the traditions of the unit, is largely based on the present state of the unit, its success in battles in which its members have participated, and its confidence in its commander, and is an asset to the army because it makes the unit more, rather than less, immediately responsive to the will of the commander. CIA employees will wish to continue with the Agency if it is a good place to work, if it has a record of achievement, if they see the competent rewarded and the incompetent disappear --- conditions depending not on legislative provisions but on the administrative skill with which the Agency, including of course the Agency's own career service program, is administered.

(3) The specialized nature of CIA operations is considered sufficient to justify proceeding on a path dictated by the Agency's own interests.

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(4) The argument that this Agency should by all means avoid seeking legislation -- with its restrictions on freedom of administrative action and possible searching into Agency operations -- for any object that can be achieved without legislation, seems particularly cogent.

4. CONCLUSIONS

a. The Task Force therefore concludes:

(1) The proposed legislation should neither authorize nor mention any entity such as an "Intelligence Service".

(2) The objectives of the law, if General Counsel thinks such a section indicated, should refer to the Central Intelligence Agency rather than to an "Intelligence Service" and should be stated in terms of strengthening CIA by creating conditions conducive to retention of experienced employees over the long term; and, if appropriate in the light of later sections, conditions favoring the prompt but equitable elimination of the ineffective;

(3) Since no "Service" is set up, no provisions for the government of such a service will be necessary;

(4) In sections dealing with benefits, benefits should be made available under prescribed conditions to employees of the Agency rather than to members of an "Intelligence Service."

b. The Task Force suggests the following texts of pertinent titles as a draft conveying the intent of the Career Service Board to the General Counsel's office:

SHORT TITLE: This act may be cited as the Central Intelligence Agency Act of 1954

DECLARATION OF INTENT: The Congress hereby declares that the objectives of this act are to strengthen and develop the Central Intelligence Agency by providing:

(1) conditions and advantages of service proportionate to the special obligations necessarily assumed by employees of the Agency, and conducive to retention by the Agency of experienced employees who will make a career of intelligence service

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(2) prompt elimination in an equitable manner of employees who fail to perform as effective members of the Agency.

**5. RECOMMENDATIONS**

- a. That the CIA Career Service Board approve the above conclusions, and secure approval by the Director of Central Intelligence;
- b. That the office of the General Counsel be requested to prepare legislation consistent with the above conclusions;
- c. That the Deputy Director (Administration) be requested to assume over-all responsibility for action.

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